



THE ROYAL MINT®

THE ORIGINAL MAKER

Royal Mint Trading Fund

ANNUAL REPORT AND ACCOUNTS 2020-21



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

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HC 507

Annual Report and Accounts 2020–21

ROYAL MINT TRADING FUND

Royal Mint Trading Fund Accounting Officer is Tim Jarvis.

THE ROYAL MINT LIMITED DIRECTORS

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CHAIRMAN

Anne Jessopp
CHIEF EXECUTIVE

Nicola Howell
CHIEF COMMERCIAL OFFICER

Andrew Mills
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CHIEF FINANCIAL OFFICER

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

*Non-Executive Directors

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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 2021, 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).

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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 record revenue of £1.1 billion (2019-20: £568.6 million) achieved by The Royal Mint in 2020-21. The Consumer business delivered revenues of £112.6 million, compared to £76.7 million in the previous year. The Precious Metals business also saw record revenue growth, at £843.8 million (2019-20: £356.9 million), due in part to the impact of the Covid-19 pandemic stimulating the precious metals market. The Royal Mint's market share in Precious Metals has also grown both in the UK and overseas. This is a clear reflection of the hard work of The Royal Mint's staff in a challenging year and testament to its resilience as a business.

Nevertheless, The Royal Mint continues to face a challenging operating environment as the demand for coin falls globally in response to new technologies and the ongoing pandemic. In order to thrive, The Royal Mint is addressing these challenges, restructuring its coin business to provide a sustainable future, and investing in new lines of business that make best use of The Royal Mint's strengths to support future employment in South Wales. The Currency business has reduced its costs and capacity to sustainable levels in the face of disruption from Covid-19. While lockdowns accelerated trends around declining cash use, The Royal Mint worked with UK banks and HM Treasury to respond quickly and ensure retailers had access to coinage.

Overall, The Royal Mint Trading Fund recorded a consolidated net profit before tax for 2020-21 of £12.9 million (2019-20: £0.2 million), a significant improvement from last year. The Royal Mint Limited also satisfied all its ministerial targets of Economic Value Added (EVA), along with delivery targets relating to UK Circulating Coins, Commemorative Coins, and Medals.

I would also like to recognise the considerable resilience shown by The Royal Mint in 2020-21 in the face of the Covid-19 pandemic. In 2020, in light of the rising demand for PPE, staff at The Royal Mint were redeployed to produce two million visors for the NHS, while the space usually used for The Royal Mint Experience acted as a production cell. Staff worked around the clock to produce up to 20,000 visors a day. This was a significant achievement and reflects the remarkable talent The Royal Mint has to offer and the commitment of its staff.

In February 2021, The Royal Mint marked the 50th anniversary of decimalisation with a commemorative 50 pence coin featuring a selection of 'old money' and organised a nationwide care home initiative in partnership with The Royal Mint Museum. In October, The Royal Mint issued a 'Diversity Built Britain' 50 pence coin, marking its commitment to ensure Britain's diverse communities are represented and commemorated in upcoming designs. A 'Diversity Built Britain' 50 pence was issued to every Primary School in England and Wales as part of an education pack produced in partnership with the West India Committee, while ten million coins were manufactured for general circulation.

Although the Royal Mint Experience, the tourist attraction in South Wales, remained closed to the public for the majority of the year, it continued to provide educational activities for families. The Royal Mint Museum also made significant progress in achieving its charitable objectives. During the year, online workshops were delivered to primary and secondary schools on a range of topics, including decimalisation. Resources available on the Museum website were updated and improved so that educational content could be enjoyed remotely. This allowed the Museum to reach children far beyond its usual local audience and will form a much more meaningful part of the Museum's educational programme in future.

It is very pleasing to see The Royal Mint record such a successful result for 2020-21 and I am confident that the leadership team will be able to continue building a strong business over the coming years, both as an important employer and a provider of outstanding services to the public.

Tim Jarvis
ACCOUNTING OFFICER

Report of the Chief Executive of The Royal Mint Limited

REINVENTING THE ROYAL MINT

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

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

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

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

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

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

THE ORIGINAL MAKER

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

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

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

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

MAKING IT COUNT

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

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

MAKING A DIFFERENCE

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

Key achievements in the year included:

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

MAKING OUR FUTURE SECURE

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

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

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

Anne Jessopp
CHIEF EXECUTIVE

Performance Report

FOR THE YEAR ENDED 31 MARCH 2021

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, distribution and educational activities of the Royal Mint Trading Fund are all based at one site in Llantrisant, South Wales.

THE ROYAL MINT LIMITED

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

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. 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 of £13.2 million¹ (2019–20: £0.9 million).

Revenue increased to £1,057.0 million (2019–20: £568.6 million). This was predominately driven by a significant increase in the revenue generated by our Precious Metals division during the coronavirus pandemic.

Capital expenditure of £7.7 million (2019–20: £8.1 million) reflected our continued investment in the future, mainly across the following areas:

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

Net assets increased by £18.8 million to £112.9 million. The increase in net assets has resulted from generating a profit after tax of £10.2 million; revaluation uplift of £9.4 million; a gain in the hedging reserve of £0.9 million; partially offset by an increase in the pension deficit (net of deferred tax) of £1.7 million.

¹ Adjusted operating profit is the operating profit before adjusting for the impact of IFRS 9-related items and exceptional items (see note 5)

Summary Financial Results

	2020–21 £m	2019–20 £m
REVENUE		
Currency		
UK	18.3	24.2
Overseas	74.7	109.8
Total Currency	93.0	134.0
Consumer	112.6	76.7
Precious Metals	843.8	356.9
New Businesses	7.6	1.0
Total revenue	1,057.0	568.6
OPERATING PROFIT/(LOSS)		
Currency	(1.4)	3.4
Consumer	21.8	13.9
Precious Metals	15.4	3.9
New Businesses	(1.6)	(1.0)
Central overheads	(20.9)	(18.6)
RM Wynt	(0.1)	(0.1)
RM Experience	–	0.1
RM Assets	–	(0.7)
Adjusted Operating profit	13.2	0.9
IFRS 9-related adjustments (note 5)	0.8	0.8
Exceptional items (note 5)	(0.8)	(0.2)
Operating profit	13.2	1.5
Share of associate	0.6	0.2
Net finance cost	(0.9)	(1.5)
Profit before tax	12.9	0.2

Consumer

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

During the year, Consumer revenue increased by 121% to £956.3 million (2019–20: £433.6 million), and contribution to operating profit increased to £37.2 million (2019–20: £17.8 million).

The Consumer division delivered its most profitable result to date as it continued to grow internationally, increase its market share in precious metals and expanded its 'Masterwork' collection - leveraging The Royal Mint's reputation as the original maker of UK coins.

COMMEMORATIVE COIN

The Royal Mint makes world-leading numismatic products and experiences – combining craftsmanship with technologically advanced manufacturing. For over 1,000 years our intricately designed coins and medals have marked the moments that matter - from coronations to commemorations.

Principal Activities:

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

In keeping with our brand position as The Original Maker, we continued to develop our capability to make larger, exclusive pieces. During the year we invested in a new area of our factory capable of making larger 'Masterwork' coins up to 10kg, and launched special one-off items to mark the James Bond movies and completion of The Queen's Beasts collection.

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

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

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

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

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

PRECIOUS METALS

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

Principal Activities:

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

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

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

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

COLLECTOR SERVICES

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

Principal Activities:

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

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

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

In July, the team announced the sale of an extremely rare James I 'hammered Spur'

for £150,000 – making headlines across the UK and emphasising our ability to source rare pieces. As the appeal of rare, high-value coins grows, we have invested in an auction platform and will begin offering online auctions in 2021.

THE ROYAL MINT EXPERIENCE

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

CURRENCY

As the original maker of UK coins, the Currency division sits at the heart of The Royal Mint as the most established area of our business.

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

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

Principal Activities:

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

Performance

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

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

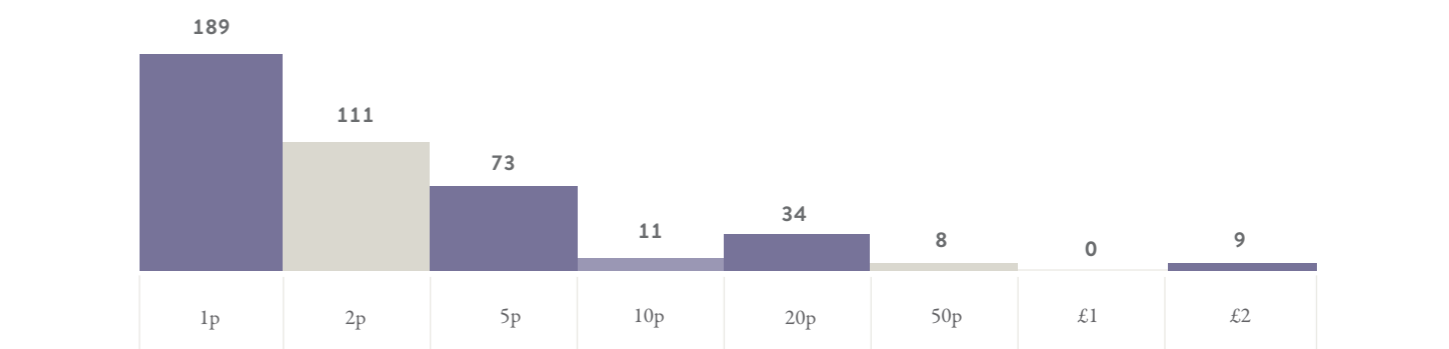
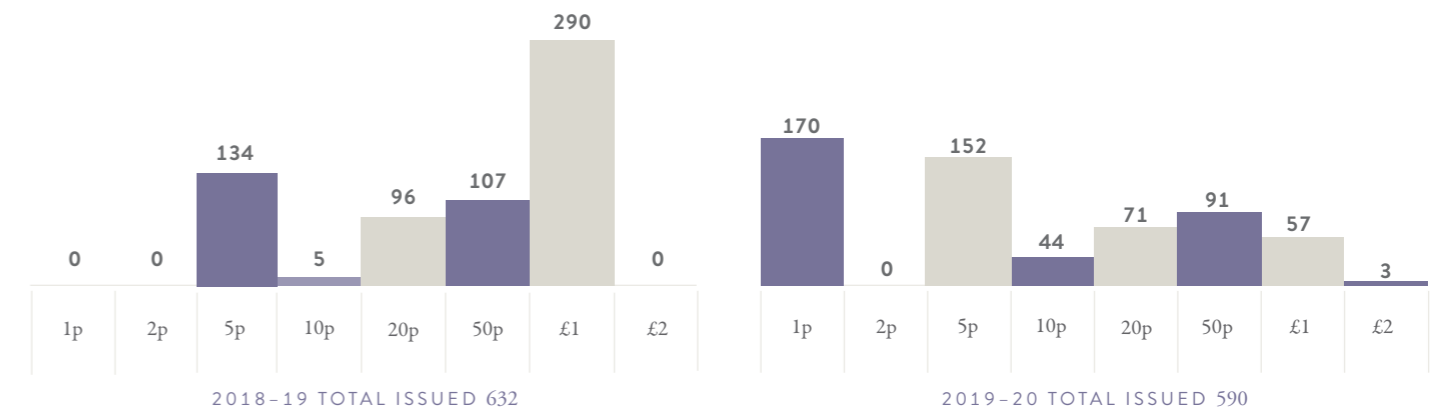
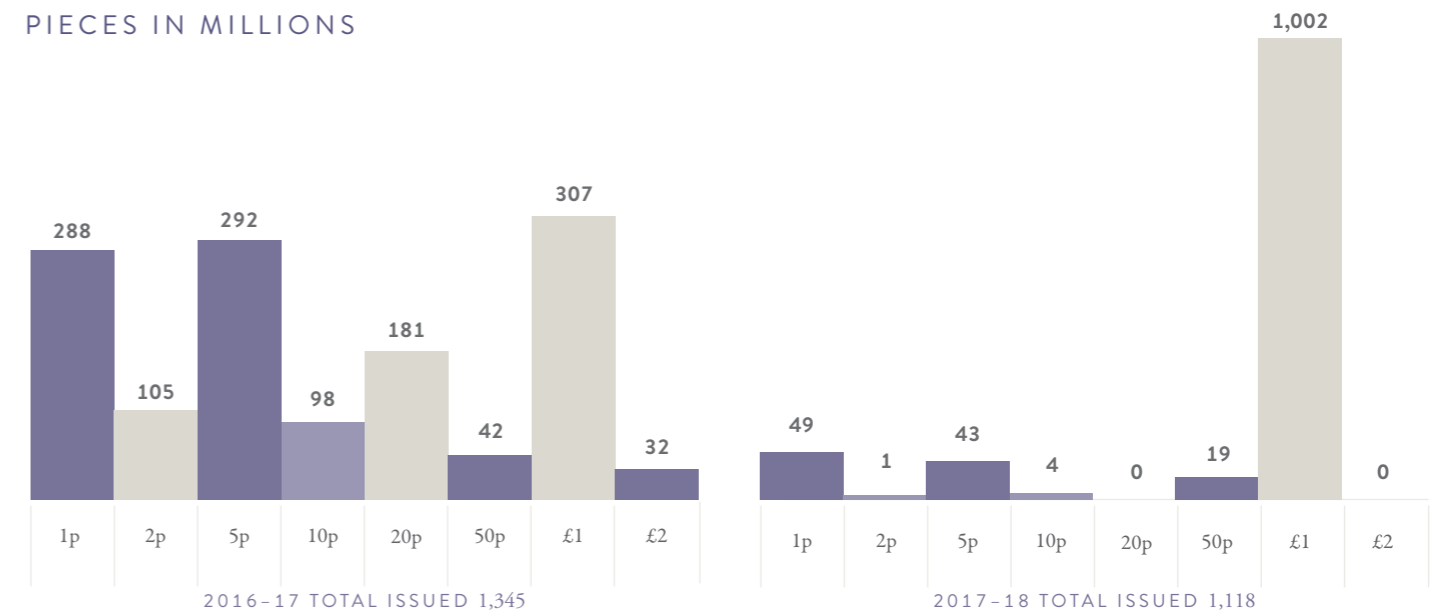
As UK cash use declined and coin circulation reduced in 2020-21, we worked with UK banks and HM Treasury to quickly respond and ensure that retailers had access to coinage. We implemented stringent safety measures on site to ensure we could continue to operate safely, and keep the UK and our international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

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

During the year, we signed commercial partnerships with Arrandene MFG and Vaultex to share our expertise in the sector, and expand our presence in coin

UK Coins Issued in Year

PIECES IN MILLIONS



2020-21

TOTAL ISSUED

437

reclamation and recycling. As we looked to manage our costs, we reduced our stock holding, have reduced our plating lines to use three more efficient models and improved our OTIF.

Dividends

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

Financial Risk Management

The Royal Mint's risk priorities in 2020-21 were in the following areas:

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

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

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

FINANCIAL RISK MANAGEMENT

Derivative Financial Instruments

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

Metal Prices

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

Currency

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

Ferrous metals: with the growing demand for aRMour® coins and blanks, the volume of steel used by the business is increasing. Steel is procured using pricing

based on six-month contracts to try to avoid volatility over the short term. The Royal Mint is continually looking at alternative strategies to protect its longer-term position for this increasingly important commodity used in our business.

Consumer

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

Precious Metals

Precious metals: selling prices are quoted based on the prevailing market rates of the precious metals. They are specifically purchased to satisfy each order thereby avoiding exposure to risk on metal cost by the use of consignment arrangements to provide for inventory and work-in-progress requirements. Premiums: premiums on many of our gold products are calculated as a percentage of the gold price, and as such are subject to fluctuation.

Foreign Exchange

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

Effects of Commodity Hedging

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

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

The combined impact of this, together with open forward foreign currency exchange contracts, has been highlighted separately in the Income Statement. In 2020-21, the year-end impact was a profit of £0.8 million (2019-20: £0.8 million profit). Financial risk management disclosures are set out in note 24 to the financial statements.

Research and Development

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

Creditor Payment Policy

The Royal Mint always seeks to comply with agreed terms and a total of 90%

(2019-20: 92%) of invoices were paid within the agreed period. We will continue to work with our suppliers and further develop our internal processes and systems in order to deliver further improvement in this measure.

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

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

- As we moved into a national lockdown, our focus was to ensure the health and safety of all employees. As designated key workers, our UK coin production teams remained on site, working with Trade Unions, Health and Safety and HR colleagues, to establish safe ways of working.
- Other production staff, unable to work from home, were redeployed into making visors for the NHS, and 1.9 million visors were made and distributed to protect NHS frontline workers over the course of the following months. The Royal Mint Experience was closed and employees redeployed into other parts of the business. Office-based staff were supported to relocate into a home environment. Where employees were identified as needing to shield and were unable to work from home, they remained on full basic pay. The Royal Mint made no furlough claims.
- In June, to check in with colleagues during this time, we carried out a short employee engagement survey which included coronavirus specific questions. The response rate was good, with engagement scores higher than the previous year and we received positive feedback about the support offered to employees during the pandemic. Two further pulse surveys were carried out in October and January to check employee wellbeing once again. As a direct result of the feedback received, from April 2021 all Royal Mint employees will have access to the Employee Assistance Programme ('EAP') run by an independent specialist organisation. This programme provides help over the phone or in person, for personal or work-related problems, that may impact health, mental and emotional wellbeing.
- As well as supporting our chosen charity, Cerebral Palsy Cymru, with nearly £3,000 of donations, our generous staff also contributed to Beddau Food Bank throughout the year and donated 46 bikes so that the local Bike Doctor charity could distribute 'new' bicycles to families for Christmas. We also ran four virtual Santa sessions, attended by 40 staff families and 43 families from our current and previous chosen charity. Over 400 staff volunteered to take part in antibody testing for research being done by Public Health Wales.

We were delighted to welcome 64 new recruits into the business, predominantly to support the growth in the Consumer business and going forward we recognise that location is no longer a constraint when seeking to attract specialist talent into the organisation. As an organisation, we are committed to supporting employment in Wales, and were delighted to be accepted onto the government's Kickstart scheme in November to provide six-month work placements for 32 young people (16-24

year olds) on Universal Credit. By March 2021, we had 16 people in placements, across a variety of different teams.

Safety, Health and Environment ('SHE')

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

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

This last year has been most challenging for The Royal Mint, ensuring all operating requirements have been within the new coronavirus regulations through a pandemic, making the site coronavirus safe and supporting 50% of staff to successfully and safely work from home. We have looked into ways of supporting the community during this uncertain time, supporting flood victims and donating to the local foodbank.

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

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

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

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

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

Online workshops were delivered to primary and secondary schools on a range of topics, including decimalisation for pupils aged between 11 and 14.

The resources available on the Museum website were updated and improved to include separate sections for teaching resources, information about school workshops, a child-friendly learning zone, lectures and research. The pre-decimal 'old money' section of the Learning Zone and the teaching resources for ages seven to 11 are two of the most popular pages on the site and have been viewed approximately 10,000 times since being published.

Other website-based educational resources were enhanced through uploading a greater number of images, the creation of film content and blog-style articles on a range of topics.

A partnership has been established with the Scouts in support of their Financial Awareness badge. Further collaboration will be explored in the year ahead.

The Museum collaborated with the West India Committee to create an educational pack to support the release of a new 50 pence piece on the theme of diversity.

Continued support was given to the work of the British Numismatic Society. The Museum Director is in the fourth year of his Presidency of the Society and delivered a lecture on the history of decimalisation at its Anniversary Meeting. Support is also given to the educational work of the Money and Medals Network and the British Art Medal Society.

ENHANCED ACCESS TO THE COLLECTION

A new Museum website was launched in July 2020. Creating the new site provided the opportunity to transform its structure, content and appearance. It has had an average of 4,000 visitors per month and over 10,000 page views per month.

A Collections Online aspect of the new Museum website has been established and approximately 100 items from the collection have been added. This includes newly digitised material and familiar objects which have been reinterpreted, such as images from the First World War which have been colourised.

A series of guest blog posts has been established. The authors include Museum Trustees, Andrew Burnett and Lord Macpherson, as well as David Moore, the son of Noel Moore, who was Secretary of the Decimal Currency Board, and Allison Foster, Archivist at Sainsbury Archive. These pages have received over 500 views since the launch of this section of the site in mid-February 2021.

The Museum's Facebook page saw a 14% increase in traffic to a total of 4,615 followers. The Twitter feed attracted 2,922 followers, a 26% increase on the prior year, and the Museum's Instagram following has grown to 1,038 followers, an 82% increase. Overall, the Museum's social media channels have seen a 60% increase in the number of users engaging with the posts by liking, sharing, commenting or clicking to view content.

The Museum has a presence on the Google Arts and Culture website, with 165 objects uploaded to the main homepage, as well as nine online exhibitions, including The Royal Mint Story, St George and the dragon, The Royal Mint in the First World War and Portraits of Queen Victoria. These exhibitions are viewed approximately 500 to 600 times per month by an average of 300 to 400 visitors to the Collection homepage.

The complete run of old-style Royal Mint Annual Reports, running from 1870 to 1976 has been scanned and will be uploaded to the Museum website in the new reporting year.

COLLECTIONS MANAGEMENT

441 coins were accessioned into the Museum collection received through The Royal Mint.

Significant acquisitions from auctions included books on minting processes from the library of the late Richard Margolis, a portrait plaque of Francis Derwent Wood, sculptor and former member of the Royal Mint Advisory Committee, and a pattern penny of Elizabeth I dated 1601 from the collection of the late Chris Comber. The Museum also acquired a range of items relating to decimalisation.

Further work continued on cataloguing the Library of Sarah Sophia Banks.

The Museum has formed a collection of material relating to the impact of coronavirus on The Royal Mint. It includes photographs of how the site was adapted and how staff worked during the period, together with testimonials and items relating to the production of visors for the NHS.

A new store room has been established on the ground floor of the Museum building. It will be used to house larger items of equipment and paintings. It is intended to open it to the public as part of a store tour addition to VIP tours of the RME.

RESEARCH AND PUBLICATIONS

Despite the lockdown arrangements, the Museum team helped individual researchers across a range of subjects, including research being carried out on the Royal Collection.

The total number of enquiries answered since April 2020 was 632 (779 in 2019–20).

Articles were written for the British Numismatic Journal and a monthly article was published in Coin News about objects from the collection. This column in the magazine has now been running continuously for 18 years. Two articles were written for the magazine *Coin Collector* and an article was published in the journal of *The European Association for Banking and Financial History*.

THE 50TH ANNIVERSARY OF DECIMALISATION

The Museum started to deliver its decimalisation project, 'What's that in Old Money?'. The project is focused on a number of national education initiatives and a specific project to improve the wellbeing of older members of the community through Reminiscence Boxes. Just after the end of the reporting year, this aspect of the decimalisation project was shortlisted for the Community Impact Award by the Museum and Heritage Awards.

Progress during the year has covered the following individual elements:

- 45 Reminiscence Boxes were created and have been sent out to 130 care homes throughout Britain. There are registered bookings at a further 420 care homes. The locations to which the boxes have been sent stretch from the Isle of Wight to the Shetland Islands;
- a bi-lingual short story competition was run throughout Wales. It was judged by the Children's Laureate for Wales. It is intended to run the short story competition on an annual basis, selecting a different theme each year;
- a medal design competition was organised, advertised to art colleges throughout the United Kingdom. The winning design, by a student at Norwich University of the Arts, is currently being manufactured;
- online educational resources on the theme of decimalisation have been created for the Museum website;

- online educational sessions have been run on the subject of decimalisation;
- preparations to install a temporary exhibition on decimalisation in the RME have been started; and
- a history of the art and design of decimalisation has been commissioned and progress to publication is at an advanced stage.

Directors

A list of current directors of The Royal Mint Limited is shown on page 3. Huw Lewis was appointed as a Director on 14 September 2020. William Spencer and Shimi Shah were appointed as Non-Executive Directors on 18 May 2020 and 22 March 2021 respectively. Martin McDade resigned as a Director on 14 September 2020 and David Morgan resigned as a Non-Executive Director on 21 September 2020.

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 his/her 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 which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Outlook

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

There are a number of significant royal events in 2021-22 which are expected to drive strong UK and international interest for our Consumer business. Whilst the unique market condition of 2020-21 means our Precious Metals division is unlikely to replicate their performance this year, it continues to attract new customers and grow its market share. Across all divisions we will focus on our ESG credentials – ensuring we do business in a way that supports communities, reduces impact on the environment and fosters an inclusive culture in the workplace.

Tim Jarvis

ACCOUNTING OFFICER

13 July 2021

Sustainability Report

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

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

MANAGING RISK

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

- energy consumption;
- water consumption;
- waste generation and disposal including disposal of filter cake waste from the on-site Effluent Treatment Plant; and
- discharges from site including potential to impact nearby watercourses, ground and ground water.

ACCREDITATIONS

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

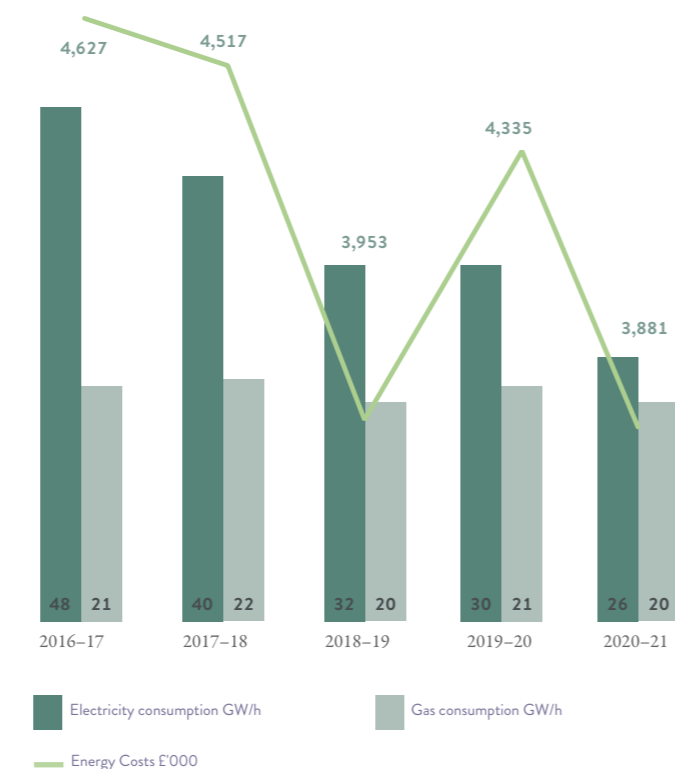
- ISO14001 (2015) Environmental Management System; and
- ISO50001 (2018) Energy Management System.

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

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

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

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

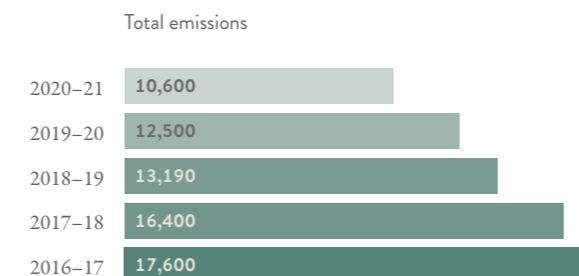


The energy consumption figures include both consumed grid energy and 'on site' generated energy. The significant change in energy consumption per tonne for the last three years is in part a result of the removal of on-site casting of non-ferrous metals.

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

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

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

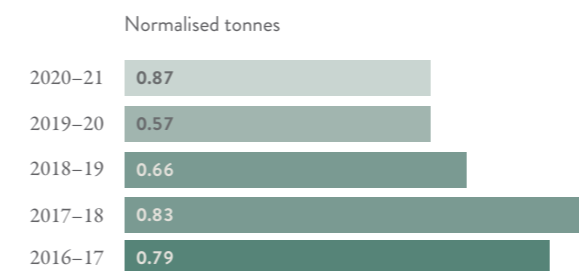


Total emissions for 2020-21 were 10,600 tonnes of CO₂ equivalent. The reduction in total emissions is partly due to reduced electrical usage on site, increased generation of renewable energy during 2020-21 but again mainly due to the removal of certain plants/functions including on-site casting of non-ferrous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

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

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

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

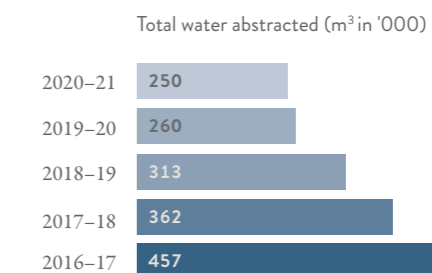


RENEWABLE ENERGY

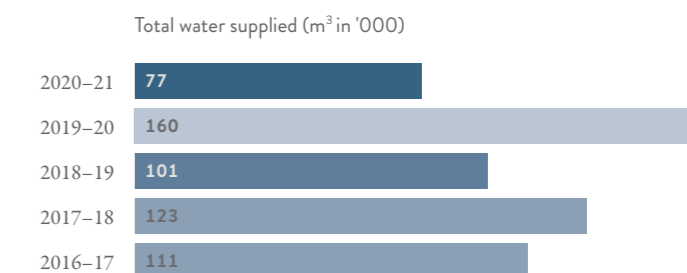
The Royal Mint has two forms of renewable energy sources on-site: a wind turbine and small solar panel arrays on building rooftops. The amount of energy generated by these systems was broadly comparable with the previous year. The wind turbine generated 800,000 kWh during 2020-21 and the installed photovoltaic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

WATER CONSUMPTION

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

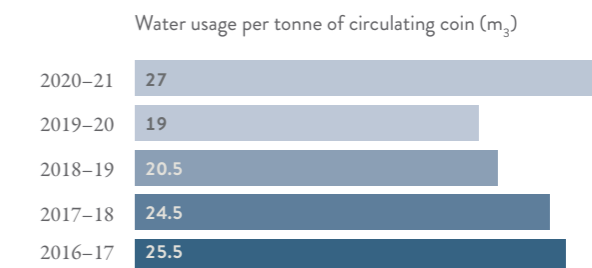
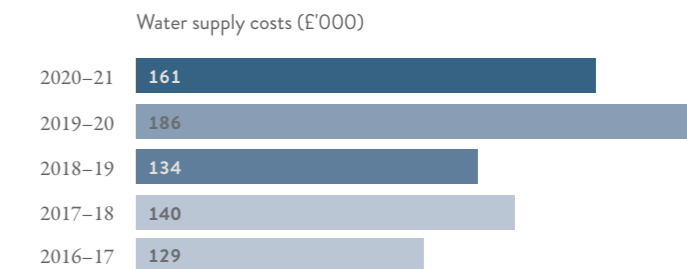


Over the last five years, changes in processes and equipment have resulted in reduced amounts of abstracted river water being used on-site. During the financial year, 104,000 m³ of the abstracted river water was returned to the river a few hundred metres downstream from the abstraction point.

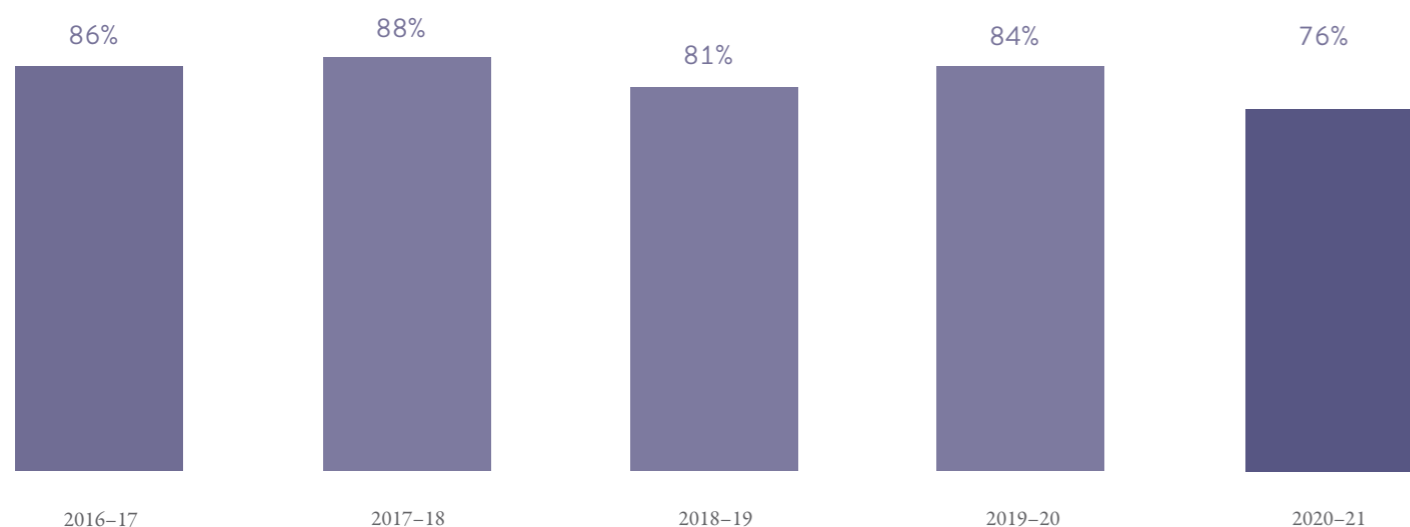


The high mains water usage during 2019-20 was due to an on-site leak that occurred between October 2019 and January 2020. It is calculated that the leak resulted in approximately an additional 69,000 m³ of water distributed to site but not utilised.

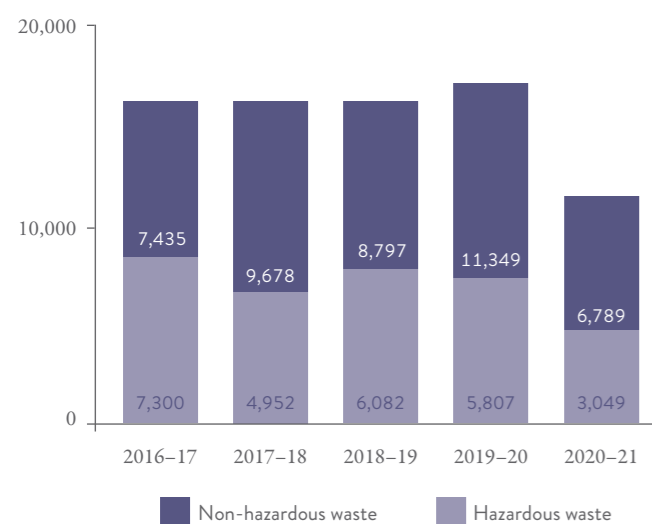
Monitoring of the water distribution system and the water usage takes place on a daily and monthly basis to identify when leaks are occurring. On this occasion, whilst the leak was known, the particular location of the leak was difficult to determine. Once the exact location of the leak was identified,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



Waste recycled



Waste disposal (tonnes)



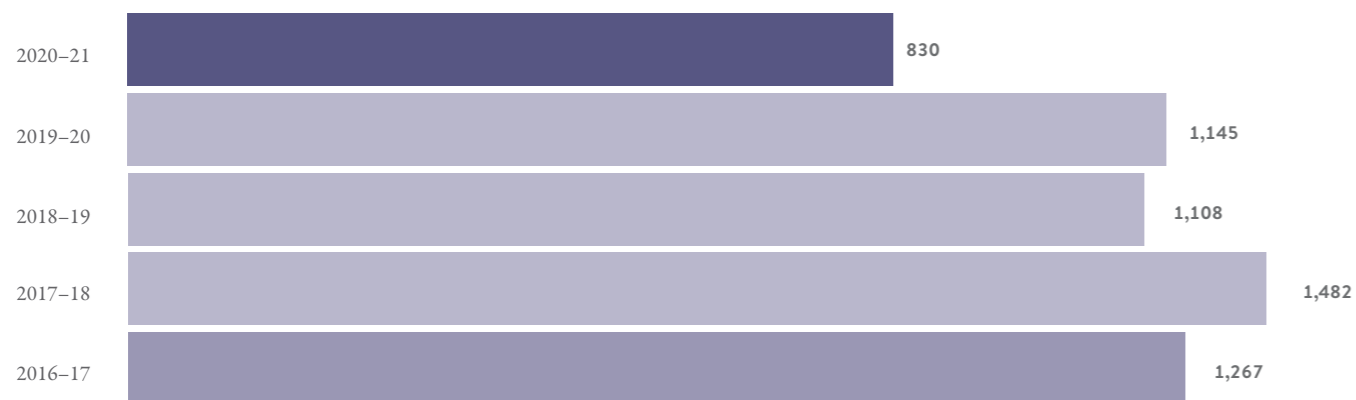
WASTE

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

The reduction in hazardous waste is partly due to process improvements which are aimed at reducing the amount of waste produced for treatment off-site. Of the 3,049 tonnes of hazardous waste produced, 17,300 tonnes were filter cake waste produced by the on-site water treatment plant. 333 tonnes of this material went to a recovery site before its closure and the remaining 1,397 tonnes were disposed via landfill.

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

Waste costs (£'000)



SCOPE ANALYSIS

Tonnes of CO ₂ eq		2016-17	2017-18	2018-19	2019-20	2020-21
Scope 1	Natural gas usage (heating and furnaces)	3,830	4,110	3,740	3,890	3,750
	Use of Royal Mint-owned vehicles	1	1	1	1	1
	Process emissions from the furnace stack	2	2	0	0	0
	Fugitive emissions (e.g. air conditioning and refrigeration leaks)	2	16*	9*	10	186*
Scope 2	Electricity usage	11,800 ₁	10,200 ₁	8,100 ₁	7,480 ₁	6,630
Scope 3	Business travel	530	740	402	280	32
	Water supply	38	42	35	55	27
	Water treatment (off-site)	95	72	70	69	46
	Waste disposal	176	228	142	252	149

* The fugitive emissions figures are calculated from losses / removal identified during the six-month routine maintenance inspections multiplied by the global warming potential of the gas replaced. The 2020-21 figure is the result of leaks totalling 92kg of refrigerant gas from two pieces of equipment on site.

FINITE RESOURCES

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

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

PROTECTING AND ENHANCING THE NATURAL ENVIRONMENT

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

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

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

REPORTING AND DATA

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

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

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

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

WORKING WITH THE SUPPLY CHAIN

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

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

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 CO₂eq factor compared to the previous year because there was a decrease in coal generation and an increase in renewable generation in 2017 (the inventory year for which the 2019 GHG Conversion Factor was derived). In this 2020 update, the CO₂eq factor has decreased again (compared with 2019) by 9% due to a decrease in coal generation and an increase in renewable generation.

Financial Summary

	2020-21 £'000	2019-20 £'000	2018-19 £'000	2017-18 £'000	2016-17 £'000
UK Revenue	441,222	205,003	183,024	196,592	118,169
Overseas Revenue	615,739	363,628	239,008	219,280	242,553
Total Revenue	1,056,961	568,631	422,032	415,872	360,722
Operating profit before IFRS 9-related items and exceptional items	13,177	943	2,273	6,793	13,520
IFRS 9-related items (note 5)	843	789	(2,397)	2,121	(660)
Exceptional items (note 5)	(788)	(251)	(2,328)	(6,292)	(152)
Operating profit/(loss)	13,232	1,481	(2,452)	2,622	12,708
Share of associate	593	212	88	76	-
Net interest charge	(918)	(1,499)	(1,125)	(556)	(368)
Profit/(loss) before tax	12,907	194	(3,489)	2,142	12,340
Taxation	(2,694)	(1,190)	720	(1,823)	(2,353)
Profit/(loss) after tax	10,213	(996)	(2,769)	319	9,987
Net assets	112,516	94,078	94,182	89,248	87,883
Operating profit before IFRS 9-related items and exceptionals/sales	1.2%	0.2%	0.5%	1.6%	3.7%
Operating profit/sales	1.3%	0.3%	(0.5)%	0.9%	3.5%

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)

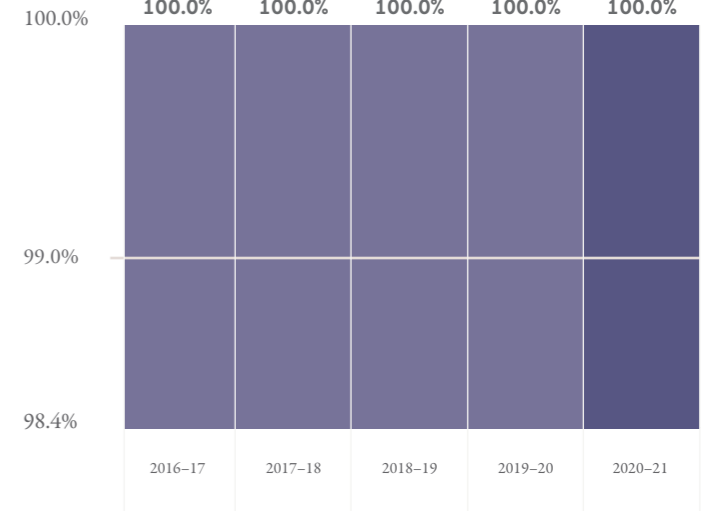
From 2020-21 onwards, the performance metric for The Royal Mint is EVA, which is expressed as an absolute amount and calculated by reporting the amount of operating profit generated above the cost of capital. The cost of capital is calculated by multiplying the weighted average cost of capital by the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

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

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

TARGET 2

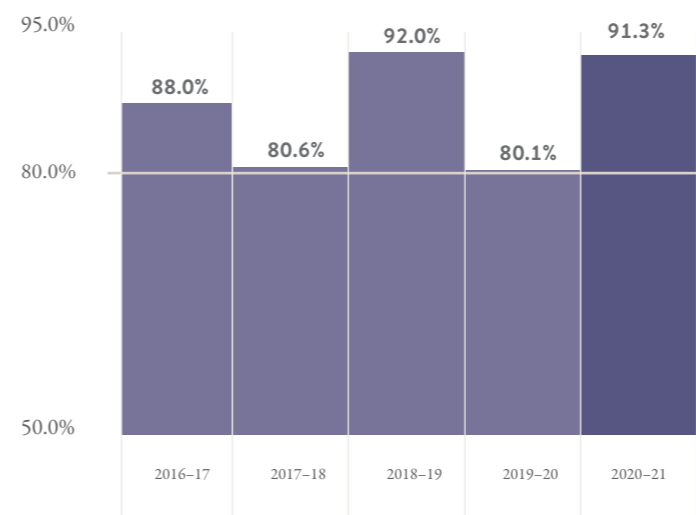
UK Circulating Coin



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

TARGET 3

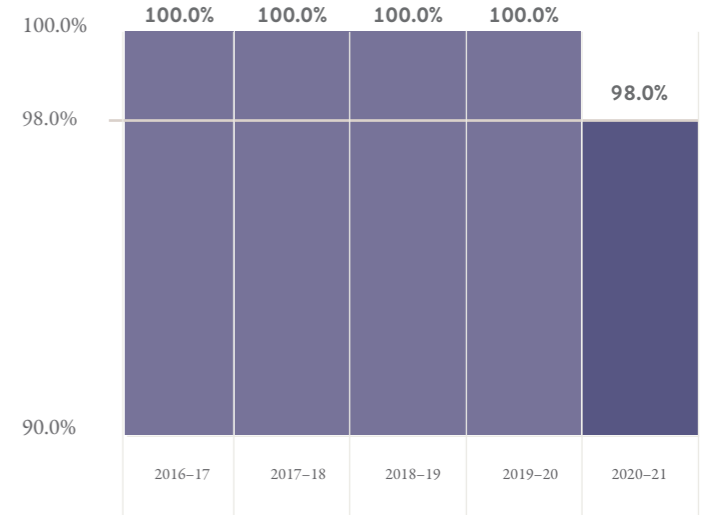
UK Consumer Coin



Delivery of orders to individual UK customers within three days, measured from 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 Gisela Stuart.

During the year there were five meetings, all of which took place as conference calls because of the travel restrictions imposed in connection with the coronavirus pandemic. In addition, there were two meetings of the Sub-Committee on the selection of themes for new United Kingdom coins, both of which were held as conference calls.

COMMEMORATIVE COINS AND SERIES

There has been a tradition for a number of years for significant birthdays of members of the Royal Family to be commemorated on the coinage. The first of these dates back to 1980 and the issue of a crown piece to mark the 80th birthday of Queen Elizabeth the Queen Mother. In 2021, The Queen celebrated her 95th birthday and to honour the occasion two designs were commissioned. For the five-pound crown piece a design by herald painter Timothy Noad was selected with the royal cypher at the centre surrounded by floral emblems representing the four constituent parts of the United Kingdom. An equally important element of most coin designs is the inscription and the task for the designer to resolve how best to balance a circumferential legend with the main motifs. There is also a requirement to choose the right words and in this instance MY HEART AND MY DEVOTION were preferred, referencing a promise made by The Queen in her 1957 Christmas speech. For larger-value coins, including five ounces and a kilo, a design by sculptor Gary Breeze was chosen. He also made prominent use of the royal cypher set on the background of a finely interwoven floral array, the intricacy of which was judged by the Committee to be more suitable for the larger canvas of such pieces. The move to larger collector coins has been a significant trend in recent years and design decisions have consciously taken account of the opportunity this provides for more detailed artwork.

Another subject with a strongly royal dimension has been The Queen's Beasts series. Inspired by the ten statues of heraldic beasts that lined the entrance to Westminster Abbey for The Queen's Coronation in June 1953, a series of coins has been developed over the last few years and, to bring it to a close, a single coin depicting all the beasts arranged in a circle was chosen by the Committee. It was a singularly spectacular design and again bears testimony to the extraordinary level of detail it is possible to reproduce on the relatively small surface of a coin.

COINS FOR CIRCULATION

Each year the Committee reviews designs that enter general circulation as well as those that are struck for collectors and the bullion market. It is well understood by members of the Committee that different considerations apply depending on the intended usage, both in relation to the selection of themes and designs. This year, for the first time, a coin was issued that focused exclusively on celebrating the diversity of Britain as a way of drawing attention to the contribution many and varied communities have made to the shared history of the country. Royal Mint designer Dominique Evans worked with the Committee to arrive at a design that conveyed a message of recognition and hope through the central inscription, DIVERSITY BUILT BRITAIN, set on a background symbolising bonds and connections between communities. The coin, which was personally supported by the Chancellor, was issued in October 2020 to coincide with Black History Month and was accompanied by an education pack, developed in partnership with the West India Committee, that was sent to primary schools throughout England and Wales.

MODERN BRITISH CULTURE

There has been a concerted focus in recent years to celebrate aspects of modern British culture on the coinage, and children's literature has formed part of this initiative, which has included an extensive and extremely popular series based on characters from the works of Beatrix Potter. The 50th anniversary of the publication of the first Mr Men book by Roger Hargreaves fell in 2021 and the Committee examined designs by his son Adam to commemorate the occasion. The use of colour on some versions of the coins was a consideration for the Committee and the positive reception the coins received reflects a conscious effort to celebrate subjects that will have an appeal across a range of age groups.

Over the course of the reporting year the Committee has looked at designs for 25 themes, some of which have required the selection of more than one design. The nature of how coinage designs are conceived, developed and approved, combined with the production schedules of The Royal Mint, means that much of the work of the Committee in any one year is destined for release a year or more ahead. A report on these projects, not yet in the public domain, will be covered in the future.

OFFICIAL MEDALS

The remit of the Committee includes making recommendations to a range of government departments on the design of official medals and seals. Two such projects came before the Committee during the year, one of which arose through a requirement for a new medal, to be known as the Border Force and Immigration Enforcement Service Medal. Further announcements about the medal will be made in due course by the departments concerned.

SUB-COMMITTEE ON THE SELECTION OF THEMES

The Sub-Committee examines proposals for the programme of commemorative coins to be issued in forthcoming years, making recommendations through the main Committee to the Chancellor of the Exchequer. During the year there were two meetings of the Sub-Committee, the focus of attention being the programme for 2022 through to 2023.

MEMBERSHIP

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

Membership of the Committee at 31 March 2021

(with dates of appointment and re-appointment)

Baroness Gisela Stuart
CHAIR
(March 2021)

Professor Phil Baines
LETTERING AND GRAPHIC DESIGNER
(May 2016, re-appointed March 2021)

Mrs Blondel Cluff CBE,
CHAIR, NATIONAL LOTTERY HERITAGE FUND
ENGLAND, LONDON & SOUTH
(March 2014, re-appointed March 2019)

Dr Nicholas Cullinan
DIRECTOR, NATIONAL PORTRAIT GALLERY
(June 2016)

The Rt Hon The Earl Peel GCVO DL
LORD CHAMBERLAIN
(March 2007)

Mr Hughie O'Donoghue RA
PAINTER
(January 2015, re-appointed March 2021)

Professor Jane Ridley
HISTORIAN
(January 2015, re-appointed March 2021)

Mr Edmund de Waal OBE
CERAMIC ARTIST AND WRITER
(April 2012, re-appointed April 2017)

of gratitude is owed to the former Chairman, Lord Waldegrave of North Hill, for presiding over the Committee's complex and sensitive deliberations with diplomacy and clear leadership. During the year he came to the end of his ten-year term as Chairman and his service to the Committee was warmly acknowledged by members at his final meeting in December 2020. A recruitment process was initiated during the autumn of 2020 and resulted in Baroness Gisela Stuart being appointed as the new Chair. She presided over her first meeting in March 2021.

Members of the Committee give of their time freely and a deserved note of appreciation is due to them for the professionalism and imagination they bring to the Committee's work.

Mr Thomas Woodcock CVO DL
GARTER PRINCIPAL KING OF ARMS
(January 2010)

Lieutenant Colonel Mike Vernon
COMPTROLLER OF THE LORD CHAMBERLAIN'S
DEPARTMENT
(September 2014)

Professor Nicholas Mayhew
NUMISMATIC CONSULTANT TO THE COMMITTEE
(January 2010)

Mrs Anne Jessopp
CHIEF EXECUTIVE OFFICER OF
THE ROYAL MINT LIMITED

Ms Nicola Howell
CHIEF COMMERCIAL OFFICER OF
THE ROYAL MINT LIMITED

Dr Kevin Clancy
SECRETARY TO THE COMMITTEE

Mr Lee Jones
TECHNICAL ADVISER TO THE COMMITTEE

Accountability and Governance 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 Department'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 Department'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.

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

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

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

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

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

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

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

The Role of the Board

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

The roles and responsibilities of the Board are to:

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

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

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

The Board reviews its effectiveness in a number of ways including commissioning external reviews and conducting internally facilitated reviews in line with good corporate practice. The last external review took place in July 2020. No significant areas of concern were noted during this review but did highlight how well the Board transitioned to, and continued to, perform during the pandemic and its move to virtual meetings. It was noted that action had been taken to address points arising from previous internal reviews, for example, specific skills have been sought in non-executive appointments to complement the breadth of activities undertaken by The Royal Mint, additional focus on strategic opportunities, as well as diversity and inclusion. In addition, the Board facilitated two sessions with a cross-section of employees to gather feedback and understand key issues driving employee engagement.

AUDIT COMMITTEE OF THE ROYAL MINT LIMITED

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

The Audit Committee monitors and reviews the effectiveness of the internal control systems, accounting policies and practices, financial reporting processes, risk management procedures, as well as the integrity of the financial statements. It also closely monitors and oversees the work of the internal auditors as well as ensuring the external auditors provide a cost-effective service and remain objective and independent. It has provided assurance to the

Board by giving scrutiny to the Annual Report and Financial Statements, reviewing the results of work carried out by Internal and External Audit, supporting the development of the risk assurance approach and monitoring key risks and issues significant to the Group.

REMUNERATION COMMITTEE OF THE ROYAL MINT LIMITED

The Committee is made up of no fewer than three Non-Executive Directors and meets at least twice a year. Remuneration decisions are guided by a Directors' Remuneration Framework that was agreed with HM Treasury at the time of the Company's vesting and subsequently updated and approved by HM Treasury in May 2020. The Committee's primary role is to determine, in reference to this Framework, the remuneration and performance-related incentive schemes of the Directors and Executive Management Team, subject to the consent of the UK Government Investments (UKGI), if applicable. The Terms of Reference for the Committee are available on The Royal Mint Limited's website, and the Remuneration Report is set out on page 28.

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

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

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

EXECUTIVE MANAGEMENT TEAM 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 £20,000 and major contracts that do not require Board approval (significant expenditure over £0.5m not approved in the annual budget is brought to the Board's attention);
- the preparation of a risk register and subsequent reviews and mitigating actions;
- the development and implementation of performance improvement programmes;
- the establishment, maintenance and development of operating procedures; and
- with reference to the Remuneration Committee, develop remuneration systems for staff, including performance-related pay.

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 2020-21 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 of responsibility.

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

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

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

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

The Royal Mint's risk priorities in 2020-21 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 on-going process designed to identify and prioritise the risks to the achievement of The Royal Mint's policies, aims and objectives. It is also designed to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the year and up to the date of approval of the Annual Report. It accords with HM Treasury guidance and the UK Corporate Governance Code where appropriate.

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

In particular, it includes:

- comprehensive budgeting systems with an annual operating plan and budget which is reviewed and agreed by the Board;
- regular reviews by the Board of periodic and annual reports, which indicate performance against the budget and latest forecast;
- setting targets and Key Performance Indicators to measure financial and other performance;
- risk management framework as detailed above;
- 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 operates internal audit arrangements to standards defined in the Public Sector Internal Audit Standards. During 2020-21, this function was undertaken by KPMG LLP. Their annual audit plan and the results of their audit, including recommendations for improvement, are reported to the 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. On the basis of evidence obtained during 2020-21, the Head of Internal Audit was able to provide a moderate level of assurance that the framework of governance, risk management and control is appropriately defined and working effectively throughout 2020-21 (a moderate opinion was also provided in 2019-20).

The Royal Mint Trading Fund is also audited by the Government Internal Audit Agency (GIAA), an Executive Agency of HMT. 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 and provision of assurance over the 2020-21 consolidated annual accounts. On the basis of evidence obtained during 2020-21, a substantial level of assurance was provided to the Accounting Officer. The internal audit report also 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 who met four times during 2020-21 (2019-20: 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; and
- inadequate knowledge – mitigated by succession planning and staff training.

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.

Arms-length Bodies

The Royal Mint Advisory Committee is an associated arms-length body. The Committee's activities in the year are summarised on page 22.

Losses and Special Payments

Realised foreign exchange losses of £551,000 were incurred during the year which require disclosure in accordance with Managing Public Money (2019–20: £4,321,000). There have been no special payments during the current or prior year.

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 of 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

13 July 2021

Remuneration and Staff Report

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

REMUNERATION POLICY

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

EXECUTIVE MANAGEMENT TEAM

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

EXECUTIVE MANAGEMENT TEAM'S TERMS, CONDITIONS AND REMUNERATION

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

i. Basic salary

The basic starting salary of a member of the Executive Management Team is determined as part of the recruitment and selection process. Thereafter it is subject to annual review and external benchmarking is regularly undertaken to ensure compliance with the Remuneration Framework.

ii. Short-Term Incentive Plan (STIP)

At the start of the year the Remuneration Committee agreed the targets for the STIP for 2020-21. The purpose is to recognise and reward outstanding performance against planned business targets, with a strong focus on Economic Value Added (EVA) and Operating Profit. The maximum award for 2020-21, (given the EVA target was surpassed then Operating Profit over-performance targets triggered STIP awards), was 33% of basic salary for the CEO and 30% of basic salary for the other members of the Executive Management Team.

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

iii. Long-Term Incentive Plan (LTIP)

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

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

There were three LTIP schemes operating during 2020-21. One started in 2018-19 and concluded

in 2020-21 and amounts earned will be paid in 2021-22, the other started in 2019-20 and amounts earned will be paid in 2022-23. The third started in 2020-21 and amounts earned will be paid in 2023-24.

iv. Pension Scheme

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

All members of the Executive Management Team, who joined prior to 1 January 2010, were members of Prudential Platinum Pension - The Royal Mint Limited Scheme, a defined benefit pension scheme. The Prudential Platinum scheme was closed for additional contributions on 31 March 2015 and all members of the Executive Management Team who were members of the

Prudential Platinum scheme at 31 March 2015 decided to accept a Cash Equivalent Transfer Value ("CETV") into their private personal schemes. From 1 April 2015 all Executive Management Team members, who joined prior to 1 January 2010, have accrued benefits into the Civil Service Pension Scheme.

v. Discretionary Benefits Allowance

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

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

The 2020-21 targets set by the remuneration committee in July 2020 were exceeded resulting

in the STIP and LTIP bonuses being accrued as set out in the following table.

In addition, this overperformance triggered a bonus for all employees in recognition of their personal contribution to our success, amounting to £3,200,000 being paid in profit share to the employees.

vi. Compensation for Loss of Office

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

Executive Management Team of The Royal Mint Limited	Total Remuneration 2020–21 £'000	Remuneration before incentives 2020–21 £'000	STIP amounts earned 2020–21 £'000	LTIP amounts earned 2020–21 £'000	Pension benefits 2020–21 £'000
Anne Jessopp	454	220	68	82	84
Andrew Mills	274	141	40	39	54
Leighton John	232	119	34	33	46
Martin McDade	90	72	-	-	18
Sarah Bradley	222	113	32	32	44
Nicola Howell	223	131	39	37	16
Sean Millard	147	109	31	-	7
Huw Lewis	93	70	20	-	4
Jonathan McGregor	120	107	-	-	13

Executive Management Team of The Royal Mint Limited	Total Remuneration 2019–20 £'000	Remuneration before incentives 2019–20 £'000	STIP amounts earned 2019–20 £'000	LTIP amounts earned 2019–20 £'000	Pension benefits 2019–20 £'000
Anne Jessopp	375	220	41	30	84
Andrew Mills	228	140	20	14	54
Chris Howard	55	54	-	-	1
Leighton John	197	118	21	12	46
Martin McDade	162	123	-	-	39
Sarah Bradley	188	113	20	11	44
Nicola Howell	185	127	31	12	15
Jonathan McGregor	177	128	21	13	15

Board members during the year were Anne Jessopp, Andrew Mills, Nicola Howell, Martin McDade (up to 14 September 2020) and also Huw Lewis (from 14 September 2020). Chris Howard resigned in July 2019. Jonathan McGregor resigned in January 2021 and therefore his remuneration is only shown up to that date. The total full year equivalent was £144,000. Huw Lewis was appointed as Chief Financial Officer in September 2020 and therefore his remuneration is only shown from that date. The total full year equivalent was £168,000. Sean Millard was appointed as Chief Growth Officer in May 2020 and therefore his remuneration is only shown from that date. The total full year equivalent was £168,000.

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 and Sean Millard are members of The Royal Mint Personal Pension Plan, a defined contribution scheme. Jonathan McGregor and Chris Howard were also members of the defined contribution scheme until their resignation.

MEDIAN PAY

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

Using this basis, in 2020-21 the remuneration of the highest-paid director of The Royal Mint was £370,000 (2019-20: £293,000). This was nine times (2019-20: eight times) the median remuneration of the workforce, which was £40,200 (2019-20: £37,000).

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 2021 £'000	Real increase in pension and related lump sum at pension age £'000	Cash Equivalent Transfer Value at 31 March 2021 £'000	Cash Equivalent Transfer Value at 31 March 2020 £'000	Real increase in Cash Equivalent Transfer Value £'000
Anne Jessopp	30-35	5-7.5	432	346	54
Andrew Mills	30-35	2.5-5	554	477	46
Leighton John	15-20 plus lump sum of 0-5	2.5-5 plus lump sum of 0-2.5	174	139	22
Martin McDade	30-35	0-2.5	627	602	19
Sarah Bradley	10-15	2.5-5	186	147	26

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 appointments that are open-ended. Their notice periods are between three and six months. Early termination (other than for misconduct or persistent poor performance) would result in the individual receiving compensation in line with the relevant redundancy scheme.

NON-EXECUTIVE DIRECTORS' TERMS, CONDITIONS AND FEES (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 Jamie Carter, are appointed by the Company with approval of UKGI. Either party can terminate his or her engagement upon giving three months' notice.

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

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

William Spencer and Shimi Shah were appointed on 18 May 2020 and 22 March 2021 respectively. David Morgan resigned on 21 September 2020. Their remunerations are only shown for the period in which they were directors. The total full year equivalents were £25,000, £20,000 and £25,000 respectively.

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 NI) in 2020-21 was £nil (2019-20: £12,000).

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

Staff costs (audited)

TOTAL STAFF COSTS	2020–21 £'000	2020–21 £'000	2019–20 £'000	2019–20 £'000
WAGES AND SALARIES				
Staff with a permanent contract	35,767		32,384	
Other staff	777		540	
		36,544		32,924
SOCIAL SECURITY COSTS				
Staff with a permanent contract	3,251		3,098	
Other staff	79		43	
		3,330		3,141
PENSION COSTS				
Defined benefit:				
Staff with a permanent contract	1,807		1,707	
Defined contribution:				
Staff with a permanent contract	3,072		3,247	
Other staff	56		41	
		4,935		4,995
		45,114		41,060

Staff consultancy expenditure of £36,000 was also incurred during the year (2019/20: £nil).

AVERAGE NUMBER EMPLOYED

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

	2020–21 Number	2020–21 Number	2019–20 Number	2019–20 Number
PRODUCTION				
Staff with a permanent contract	468		476	
Other staff	4		10	
		472		486
SALES AND MARKETING				
Staff with a permanent contract	175		181	
Other staff	6		6	
		181		187
ADMINISTRATION				
Staff with a permanent contract	138		141	
Other staff	1		2	
		139		143
		792		816

DIRECTORS' EMOLUMENTS

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

Retirement benefits accrued to three Executive Directors under a defined benefit scheme during the year (2019–20: three).

Staff Composition

The number of people employed at 31 March 2021 was 780 (2020: 801). Of these employees, 559 are male and 221 are female (2020: 575 male, 226 female). The Royal Mint Museum Group itself has no employees (2020: nil). The Board of Directors of The Royal Mint Limited at 31 March 2021 comprised six male directors and five female (2020: six male, four female). The Trustees and Company Directors of The Royal Mint Museum at 31 March 2021 comprised three male and three female (2020: five male, three female).

Staff Policies

The Royal Mint Limited has an employee handbook available on its intranet site which 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

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

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

Sickness Absence

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

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

Tim Jarvis

ACCOUNTING OFFICER
13 July 2021

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 Royal Mint Trading Fund for the year ended 31 March 2021 under the Government Trading Funds Act 1973. The financial statements comprise: the Consolidated Income Statement, the Consolidated and Royal Mint Trading Fund Statements of Comprehensive Income, Consolidated and Royal Mint Trading Fund Statements of Changes in Equity, Consolidated and Royal Mint Trading Fund Statements of Financial Position, Consolidated and Royal Mint Trading Fund Statement of Cash Flows; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability and Governance Report, and Remuneration and Staff Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Royal Mint Trading Fund's affairs as at 31 March 2021 and of its profit for the year then ended; and
- the financial statements 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 OF OPINIONS

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 have also elected to apply the ethical standards relevant to listed entities. I am independent of the Royal Mint Trading Fund 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'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'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 parts of the Accountability and Governance Report, and Remuneration and Staff Report described in that report as having been audited, the financial statements and my auditor's certificate 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. In connection with my audit of the financial statements, 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 parts of the Accountability and Governance Report, and Remuneration and Staff Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- the information given in Performance Report, Accountability and Governance Report, and Remuneration and Staff Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Royal Mint Trading Fund its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. 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 or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability and Governance Report, and Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; 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:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Royal Mint Trading Fund'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 either 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Royal Mint Trading Fund's internal auditors and those charged with governance, including obtaining and reviewing supporting documentation relating to the Royal Mint Trading Fund's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Group's controls relating to UK Companies Act 2006, tax legislation and other regulatory and compliance matters such as the Financial Conduct Authority ("FCA") and the Health and Security Executive ("HSE").
- discussing among the engagement team and involving relevant internal specialists, including actuarial experts regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and potential management bias in accounting estimates; and
- obtaining an understanding of the Royal Mint Trading Fund's framework of authority as well as other legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations I considered in this context included the Trading Funds Act 1973, Managing Public Money, employment law, tax Legislation and other regulatory compliance matters such as the Financial Conduct Authority ("FCA") and the Health and Security Executive ("HSE").

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- enquiring of management, the Audit Committee and in-house legal compliance officer concerning actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and 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. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions 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 that I identify during my audit.

REPORT

I have no observations to make on these financial statements.

Gareth Davies

COMPTROLLER AND AUDITOR GENERAL
19 July 2021

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

Consolidated Income Statement

For the year ended 31 March 2021

	Notes	Before IFRS	IFRS	Other	Total	Before IFRS	IFRS	Other	Total
		9-related items and other exceptionals (note 5) 2020-21 £'000	9-related items (note 5) 2020-2021 £'000	exceptionals (note 5) 2020-21 £'000	2020-2021 £'000	9-related items and other exceptionals (note 5) 2019-20 £'000	9-related items (note 5) 2019-20 £'000	exceptionals (note 5) 2019-20 £'000	2019-20 £'000
Revenue	2	1,056,961	-	-	1,056,961	568,631	-	-	568,631
Cost of sales		(991,111)	(1,656)	-	(992,767) (514,444)	(160)	(433)	(514,877)	(374,367)
Gross profit		65,850	(1,656)	-	64,194	54,187	(433)	-	53,754
Administrative expenses		(22,201)	-	(788)	(22,989)	(19,783)	-	(251)	(20,034)
Selling and distribution costs		(28,794)	-	-	(28,794)	(30,283)	-	-	(30,283)
Other (losses)/gains	22	(1,678)	2,499	-	821	(3,178)	1,222	-	(1,956)
Operating profit	3	13,177	843	(788)	13,232	943	789	(251)	1,481
Finance costs	6	(918)	-	-	(918)	(1,499)	-	-	(1,499)
Share of profit of associate accounted for using the equity method	10	593	-	-	593	212	-	-	212
Profit/(Loss) before tax		12,852	843	(788)	12,907	(344)	789	(251)	194
Taxation	7				(2,694)				(1,190)
Profit/(Loss) for the financial year					10,213				(996)
Profit/(Loss) attributable to:									
HM Treasury					10,213				(996)

The notes on pages 44 to 75 form part of the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
Profit/(Loss) for the financial year		10,213	(996)
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss			
Loss on cash flow hedges		(65)	(880)
Hedging gain/(loss) reclassified to profit or loss		798	(411)
Items that will not be reclassified to profit or loss			
Remeasurements for defined benefit scheme	17	(2,101)	2,038
Deferred tax on remeasurements for defined benefit scheme	16	399	(387)
Revaluation	8	9,052	450
Other comprehensive income for the period, net of tax		8,083	810
Total comprehensive income/(expense) for the year		18,296	(186)
Total comprehensive income/(expense) attributable to:			
HM Treasury		18,296	(186)

Royal Mint Trading Fund Statement of Comprehensive Income

For the year ended 31 March 2021

	2020-21 £'000	2019-20 £'000
Profit for the financial year	-	4,000
Other comprehensive income	-	-
Total comprehensive income for the year	-	4,000
Total comprehensive income attributable to:		
HM Treasury	-	4,000

The notes on pages 44 to 75 form part of the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Public Dividend Capital £'000	Revaluation Reserve £'000	Retained Earnings £'000	Hedging Reserve £'000	Heritage Assets Reserve £'000	Total Equity £'000
At 1 April 2020	5,500	5,585	46,128	(781)	37,646	94,078
Movements in the year:						
Profit for the financial year	-	-	10,213	-	-	10,213
Other comprehensive income/(expense)	-	1,952	(1,702)	733	7,100	8,083
Total comprehensive income for the year	-	1,952	8,511	733	7,100	18,296
Cost of hedging transferred to inventory	-	-	-	142	-	142
At 31 March 2021	5,500	7,537	54,639	94	44,746	112,516

	Public Dividend Capital £'000	Revaluation Reserve £'000	Retained Earnings £'000	Hedging Reserve £'000	Heritage Assets Reserve £'000	Total Equity £'000
At 1 April 2019	5,500	5,135	45,473	428	37,646	94,182
Movements in the year:						
Loss for the financial year	-	-	(996)	-	-	(996)
Other comprehensive income/(expense)	-	450	1,651	(1,291)	-	810
Total comprehensive income/(expense) for the year	-	450	655	(1,291)	-	(186)
Cost of hedging transferred to inventory	-	-	-	82	-	82
At 31 March 2020	5,500	5,585	46,128	(781)	37,646	94,078

The notes on pages 44 to 75 form part of the financial statements.

Royal Mint Trading Fund Statement of Changes in Equity

For the year ended 31 March 2021

	Public Dividend Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 April 2020	5,500	53,819	59,319
Movements in the year:			
Profit for the financial year	-	-	-
Total Comprehensive Income for the year	-	-	-
At 31 March 2021	5,500	53,819	59,319

	Public Dividend Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 April 2019	5,500	49,819	55,319
Movements in the year:			
Profit for the financial year	-	4,000	4,000
Total Comprehensive Income for the year	-	4,000	4,000
At 31 March 2020	5,500	53,819	59,319

The notes on pages 44 to 75 form part of the financial statements.

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 £'000	2020 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	68,282	64,415
Heritage assets	9	45,687	38,181
Intangible assets	10	12,703	14,578
Deferred tax asset	16	577	1,946
Investment in associate	24	1,919	1,376
Total Non-Current Assets		129,168	120,496
CURRENT ASSETS			
Inventories	11	59,495	70,494
Derivative financial instruments	23	1,160	3,727
Current tax asset	7	-	1,348
Trade and other receivables	12	31,218	22,319
Cash and cash equivalents	21	8,973	23,391
Total Current Assets		100,846	121,279
CURRENT LIABILITIES			
Current tax liability		(366)	-
Borrowings	13	(612)	(536)
Trade and other payables	14	(83,119)	(98,519)
Derivative financial instruments	24	(241)	(4,568)
Total Current Liabilities		(84,338)	(103,623)
Net Current Assets		16,508	17,656
NON-CURRENT LIABILITIES			
Borrowings	13	(24,766)	(36,844)
Accruals and deferred income	14	(1,418)	(1,572)
Retirement benefit liability	17	(1,940)	(1,531)
Deferred tax liability	16	(4,409)	(3,582)
Provision for liabilities and charges	15	(627)	(445)
Net Assets		112,516	94,078
EQUITY			
Public dividend capital		5,500	5,500
Revaluation reserve		7,537	5,585
Retained earnings		54,639	46,128
Hedging reserve		94	(781)
Hedging Assets reserve		44,746	37,646
Total Equity		112,516	94,078

The notes on pages 44 to 75 form part of the financial statements.

Tim Jarvis
ACCOUNTING OFFICER
13 July 2021

Royal Mint Trading Fund Statement of Financial Position

As at 31 March 2021

	Notes	2021 £'000	2020 £'000
NON-CURRENT ASSETS			
Investments	24	59,319	59,319
Loan to group undertaking	13	23,000	36,000
Total Non-Current Assets		82,319	95,319
CURRENT LIABILITIES			
Trade and other payables	14	-	-
Total Current Liabilities		-	-
Loan from National Loans Fund	13	(23,000)	(36,000)
Total Non-Current Liabilities		(23,000)	(36,000)
Net Assets		59,319	59,319
EQUITY			
Public dividend capital		5,500	5,500
Retained earnings		53,819	53,819
Total Equity		59,319	59,319

The notes on pages 44 to 75 form part of the financial statements.

Tim Jarvis
ACCOUNTING OFFICER
13 July 2021

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2020-21 £'000	2019-20 £'000
Cash flow from operating activities			
Profit before tax		12,907	194
Depreciation and amortisation on non-current assets		8,682	7,343
Loss on disposal of assets		588	-
Interest charge		918	1,499
Cash flow hedges		(885)	(711)
Share of associate		(593)	(212)
Changes in operating assets and liabilities:			
Difference between pension charge and cash contribution		(1,706)	(1,882)
Inventory		10,999	(17,707)
Trade and other receivables		(8,899)	17,451
Trade and other payables		(15,435)	29,399
Provisions		182	(30)
Cash generated from operations		6,758	35,344
Tax received/(paid)		1,615	(451)
Interest paid		(771)	(1,333)
Net cash generated from operating activities		7,602	33,560
Cash flow from investing activities			
Acquisition of property, plant and equipment		(6,661)	(6,205)
Acquisition of intangible assets		(1,043)	(1,903)
Acquisition of heritage assets		(406)	(338)
Net cash used in investing activities		(8,110)	(8,446)
Cash flow from financing activities			
Dividend received/(paid)		50	(4,000)
Principal lease payments		(650)	(450)
Movement in borrowings		(13,123)	1,359
Net cash used in financing activities		(13,723)	(3,091)
Net movement in cash and cash equivalents		(14,231)	22,023
Cash and cash equivalents at the start of the year		23,391	1,202
Effects of exchange rate changes on cash and cash equivalents		(187)	166
Cash and cash equivalents at the end of the year	21	8,973	23,391

The notes on pages 44 to 75 form part of the financial statements.

Royal Mint Trading Fund Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2020-21 £'000	2019-20 £'000
Cash flow from operating activities			
Operating profit		-	-
Net cash inflow from operating activities		-	-
Cash flow from investing activities			
Dividends received from The Royal Mint Limited		-	4,000
Movement in loans		13,000	-
Net cash generated from investing activities		13,000	4,000
Cash flow from financing activities			
Dividend paid		-	(4,000)
Movement in loans		(13,000)	-
Net cash used in financing activities		(13,000)	(4,000)
Net movement in cash and cash equivalents			-
Cash and cash equivalents at the start of the year		-	-
Cash and cash equivalents at the end of the year	21	-	-

The notes on pages 44 to 75 form part of the financial statements.

Notes to the Accounts

NOTE 1 PRINCIPAL ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the 2020-21 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 2020 that had a material impact on the Group or Company.

New Standards, Amendments and Interpretations not yet Adopted

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

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

1.3 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 derecognised. 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'.

NOTE 1 CONTINUED

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

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 2021 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 to 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.

NOTE 1 CONTINUED

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.

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

- i. financial assets at fair value through the Income Statement – financial assets classified as held for trading and other assets designated as such on inception are included in this category. Derivatives, including separated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments where movements in fair value are recognised through Other Comprehensive Income. Assets are carried in the Statement of Financial Position at fair value with gains or losses recognised in the Income Statement; and
- ii. financial assets at amortised cost – 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 re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

NOTE 1 CONTINUED

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 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 or 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.

NOTE 1 CONTINUED

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 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 Company 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

NOTE 1 CONTINUED

substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

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

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

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

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

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

1.21 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 which 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 The Royal Mint Limited's performance are recognised in the financial statements in the year in which the dividends are approved by the Company's shareholders.

1.24 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.

1.25 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.

NOTE 1 CONTINUED

1.26 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 Asset

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 estimates the expected future cash flows from the asset or income-generating unit and chooses a suitable discount rate in order to calculate the net present value of those cash flows.

The directors of The Royal Mint Limited consider that changes in the Currency market represent such an impairment indicator as explained in note 5.

(c) Trade Receivables

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

(d) Inventory

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

(e) Property, Plant and Equipment

The determination of 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.

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 not-for-profit visor production is included within 'unallocated'. The activities of new ventures and the Group's subsidiaries are currently unallocated due to immateriality.

NOTE 2 CONTINUED

A. Analysis by Class of Business 2020-21

	Currency £'000	Consumer* £'000	Precious Metals £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	92,963	112,602	843,788	1,049,353	7,608	1,056,961
Depreciation and amortisation	5,471	2,362	679	8,512	170	8,682
Operating (loss)/profit before IFRS 9 and exceptional items and allocation of central costs	(1,416)	21,832	15,417	35,833	(22,656)	13,177
IFRS 9 and exceptional items	55	-	-	55	-	55
Allocation of central costs	(7,485)	(9,334)	(4,080)	(20,899)	20,899	-
Operating (loss)/profit	(8,846)	12,499	11,336	14,989	(1,757)	13,232
Segment assets and liabilities:						
Non-current assets	41,995	65,509	354	107,858	21,310	129,168
Current assets	37,050	30,212	17,549	84,811	16,035	100,846
Current liabilities	(12,704)	(9,509)	(18,673)	(40,886)	(43,452)	(84,338)
Non-current liabilities	-	(2,045)	-	(2,045)	(31,115)	(33,160)
Net assets/(liabilities)	66,341	84,167	(770)	149,738	(37,222)	112,516
Other segmental information:						
Property, plant and equipment additions	6,538	822	222	7,582	685	8,267
Heritage assets additions	-	406	-	406	-	406
Intangible assets additions	-	233	501	734	309	1,043

Analysis by Class of Business 2019-20

	Currency £'000	Consumer* £'000	Precious Metals £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	133,994	76,734	356,946	567,674	957	568,631
Depreciation and amortisation	5,111	2,060	102	7,273	70	7,343
Operating profit/(loss) before IFRS 9 and exceptional items and allocation of central costs	3,388	13,947	3,921	21,256	(20,313)	943
IFRS 9 and exceptional items	538	-	-	538	-	538
Allocation of central costs	(7,849)	(9,364)	(1,343)	(18,556)	18,556	-
Operating (loss)/profit	(3,923)	4,583	2,578	3,238	(1,757)	1,481
Segment assets and liabilities:						
Non-current assets	43,248	70,469	3,288	117,005	3,491	120,496
Current assets	47,781	14,480	20,837	83,098	38,181	121,279
Current liabilities	(11,775)	(52,960)	(28,071)	(92,806)	(10,817)	(103,623)
Non-current liabilities	-	(2,017)	-	(2,017)	(42,057)	(44,074)
Net assets/(liabilities)	79,254	29,972	(3,946)	105,280	(11,202)	94,078
Other segmental information:						
Property, plant and equipment additions	4,756	456	29	5,241	964	6,205
Heritage assets additions	-	338	-	338	-	338
Intangible assets additions	-	4	21	25	1,878	1,903

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 £46.1 million (2020: £38.2 million).

NOTE 2 CONTINUED

B. Geographical Analysis of Revenue

Revenue by destination is set out below:

	2020-21 £'000	2019-20 £'000
United Kingdom	441,222	205,003
Germany	108,641	69,652
Rest of Europe	80,753	47,812
United States of America	291,579	116,596
Rest of Americas	4,275	1,743
Asia	70,774	58,492
Africa	45,745	64,650
Rest of the World	13,972	4,683
	1,056,961	568,631

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

NOTE 3A OPERATING PROFIT/LOSS

Operating profit/(loss) is stated after charging/(crediting):

	2020-21 £'000	2019-20 £'000
Depreciation and amortisation charges	8,682	7,343
Research and development	1,366	697
Commodity hedges loss/(gain)	843	(789)
Foreign exchange loss	1,230	2,629
Precious metal consignment fees	2,338	858
Exceptional items (note 5)	788	251
Auditors' remuneration:		
Audit of these financial statements (NAO)	20	20
Audit of subsidiaries (PwC)	87	101
Non-audit fees – other	-	-

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

The Income Statement shows the following amounts relating to leases:

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

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.

Total Staff Costs

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

Average Number Employed

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

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

Directors' Emoluments of The Royal Mint Directors

The Museum Trustees and the Accounting Officer did not receive remuneration from the Group.

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

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

NOTE 5A IMPACT OF IFRS 9 HEDGING INEFFECTIVENESS AND OPEN FOREIGN EXCHANGE CONTRACTS

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

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

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

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

NOTE 5B OTHER EXCEPTIONAL ITEMS

	2020-21 £'000	2019-20 £'000
Impairment	328	-
Restructuring costs	460	251
Exceptional charge	788	251

The Group assesses whether there have been any impairment indicators at the end of each reporting period whenever events or circumstances indicate that the carrying amount may not be recoverable. During 2018-19, the Directors decided that the changes in the Currency market represented such an impairment trigger resulting in £1.4 million of assets with no prospective use being impaired and charged to the Income Statement. In the current year, £0.3 million of indirect parts relating to the previously impaired plant and machinery were also impaired.

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

NOTE 6 FINANCE COSTS

	2020-21 £'000	2019-20 £'000
Interest cost on pension plan liabilities	14	102
Interest and finance charges paid/payable for lease liabilities not at fair value through profit and loss	904	1,397
Total	918	1,499

NOTE 7 TAXATION

Analysis of tax charge/(credit) in year

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

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

	2020-21 £'000	2019-20 £'000
Profit before tax	12,907	194
Profit before tax multiplied by the standard rate of corporation tax of 19% (2019-20: 19%)	2,452	37
Effects of:		
Income not taxable	(191)	(75)
Expenses not deductible for tax purposes	(112)	273
Temporary differences not recognised	196	-
Adjustments in respect of prior years	349	848
Change in tax rate	-	107
Taxation charge for year	2,694	1,190

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

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

Current Tax (Liability)/Asset

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

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 2020	4,052	23,831	5,528	122,860	954	157,225
Additions	-	-	6,659	1	1,606	8,267
Transfers	-	116	(3,412)	3,221	-	(74)
Disposals	-	-	-	(3)	-	(3)
Revaluation	280	(3,979)	-	572	-	(3,127)
At 31 March 2021	4,332	19,968	8,776	126,652	2,560	162,288
Depreciation						
At 1 April 2020	-	4,360	-	88,040	410	92,810
Charge for year	-	1,129	-	4,559	587	6,275
Disposals	-	-	-	-	-	-
Revaluation	-	(5,489)	-	410	-	(5,079)
At 31 March 2021	-	-	-	93,009	997	94,006
Net book value at 31 March 2021	4,332	19,968	8,776	33,643	1,564	68,282

	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 2019	4,052	23,552	3,093	118,984	954	150,635
Additions	-	-	6,128	77	-	6,205
Transfers	-	279	(3,693)	2,730	-	(684)
Disposals	-	-	-	(423)	-	(423)
Revaluation	-	-	-	1,492	-	1,492
At 31 March 2020	4,052	23,831	5,528	122,860	954	157,225
Depreciation						
At 1 April 2019	-	3,232	-	83,196	-	86,428
Charge for year	-	1,128	-	4,225	410	5,763
Disposals	-	-	-	(423)	-	(423)
Revaluation	-	-	-	1,042	-	1,042
At 31 March 2020	-	4,360	-	88,040	410	92,810
Net book value at 31 March 2020	4,052	19,471	5,528	34,820	544	64,415

Land and buildings are stated at either open market current use valuation or depreciated replacement cost where this is more appropriate for specialised buildings (The Royal Mint Experience (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.

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

During the current year, the group used the value-in-use method to estimate the recoverable amount of the related cash generating unit ('CGU') and compared this to the remaining related tangible and intangible fixed assets of £67.1 million. Management has identified that the CGU is represented by those cash flows generated which link to the UK Circulating Coin contract. The value-in-use of the CGU has been determined using cash inflows for the related CGU projected over the estimated useful lives of the related assets. Cash inflows are based on the latest business plans which have then been extended to the end of the projected useful life with nil growth rate from year two.

The discount rate used of 8% has been determined by using a weighted average cost of capital adjusted for a risk factor. The recoverable amount is 82% greater than the net book value of assets related to the CGU and no additional impairment charge has been made. Due to the headroom, no reasonable sensitivity would result in an impairment.

NOTE 9 HERITAGE ASSETS

	2020-21 £'000	2019-20 £'000	2018-19 £'000	2017-18 £'000	2016-17 £'000
Cost					
At 1 April	38,181	37,843	26,795	26,401	26,172
Additions:					
At valuation	378	277	309	222	247
At purchase cost	28	6	85	7	33
Revaluation	7,100	-	10,765	-	-
At 31 March	45,687	38,181	37,843	26,795	26,401
Net book value at 31 March					
	45,687	38,181	37,843	26,795	26,401
Net book value at 1 April					
	38,181	37,843	26,795	26,401	26,172

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 which are readily accessible and for which there is an established market. They agreed a plan extending over five years which 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 2021 by Morton & Eden and the value of the collection increased by £7.5 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.

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; and
- 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 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
Cost					
At 1 April 2020	5,291	14,365	1,947	952	22,555
Additions	1,043	-	-	-	1,043
Transfers	(5,156)	5,230	-	-	74
Disposals	(586)	-	-	-	(586)
At 31 March 2021	592	19,595	1,947	952	23,086
Amortisation					
At 1 April 2020	-	6,353	671	952	7,976
Amortisation for year	-	2,212	195	-	2,407
At 31 March 2021	-	8,565	866	952	10,383
Net book value at 31 March 2021	592	11,030	1,081	-	12,703

Amortisation charges of £2,221,000 (2019-20: £1,580,000) and £186,000 (2019-20: £nil) are included within administration expenses and cost of sales respectively.

	Payments on account and assets in the course of construction £'000	Software licences £'000	Patents £'000	Development costs £'000	Total £'000
Cost					
At 1 April 2019	3,836	13,233	1,947	952	19,968
Additions	1,893	10	-	-	1,903
Transfers	(438)	1,122	-	-	684
Disposals	-	-	-	-	-
At 31 March 2020	5,291	14,365	1,947	952	22,555
Amortisation					
At 1 April 2019	-	4,969	476	952	6,397
Amortisation for year	-	1,384	195	-	1,579
At 31 March 2020	-	6,353	671	952	7,976
Net book value at 31 March 2020	5,291	8,012	1,276	-	14,578

NOTE 11 INVENTORIES - CONSOLIDATED

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

Inventories recognised as an expense in the year are recorded within cost of sales. Movement in the inventory provision during the year was a decrease of £1.8 million (2019-20: increase of £1.2 million). The amount of inventories written down to net realisable value during the year was £nil (2019-20: £nil).

The Group enters into precious metal consignment arrangements whereby the consignor retains the risks and rewards of the metal until such time as the Group purchases the metal. The value of the physical metal is not recorded in the Statement of Financial Position. Inventory held on consignment amounted to £501.8 million at 31 March 2021 (2020: £443.2 million). Consignment fees under these arrangements are recognised within cost of sales.

NOTE 12 TRADE AND OTHER RECEIVABLES

Consolidated

	2021 £'000	2020 £'000
Trade receivables	29,509	17,515
Less provision for impairment of receivables	(504)	(565)
VAT recoverable	-	3,991
Prepayments and accrued income	2,213	1,378
	31,218	22,319

Included within the receivables are the following:

	2021 £'000	2020 £'000
Central government bodies	129	1,810
Other government bodies	34	13
NHS Trusts	7	7
	170	1,830

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

	2021 £'000	2020 £'000
Pound sterling	28,862	17,290
US Dollar	183	3,633
Euro	2,173	1,396
	31,218	22,319

Provision is made for Consumer direct to consumer receivables that become overdue for payment. Movement in provision for impairment in receivables:

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

NOTE 13 BORROWINGS

Consolidated	Consolidated		Trading Fund	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank overdraft	-	8	-	-
Lease obligations less than one year	477	393	-	-
Lease obligations greater than one year	1,087	150	-	-
Loans less than one year	135	135	-	-
Loans greater than one year	23,679	36,794	23,000	36,000
	25,378	37,480	23,000	36,000

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

NOTE 14 TRADE AND OTHER PAYABLES

	Consolidated		Trading Fund	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade payables	19,703	15,016	-	-
Other payables	27,585	44,877	-	-
VAT payable	892	-	-	-
Payments received on account	21,605	30,949	-	-
Taxation and social security	1,086	1,043	-	-
Accruals and deferred income	12,248	6,634	-	-
	83,119	98,519	-	-

Included within the payables are the following:

	2021 £'000	2020 £'000
Other central government bodies	2,800	1,336
Public corporations and trading funds	2	117
	2,802	1,453

Accruals and deferred income within non-current liabilities relates to a grant received from the Welsh Assembly Government in relation to the construction of The Royal Mint Experience.

NOTE 15 PROVISION FOR LIABILITIES AND CHARGES

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 2020	445
Provided in year	624
Utilised in year	(307)
Released in year	(135)
At 31 March 2021	627

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 19% (2020: 19%).

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

Movements in deferred tax liability were:

Deferred tax (assets)/liabilities

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

	Accelerated tax depreciation £'000	Derivative instruments £'000	Retirement benefit obligations £'000	Tax losses £'000	Other £'000	Total £'000
At 1 April 2020	3,464	118	(373)	(1,404)	(169)	1,636
Charged/(credited) to the Income Statement	786	42	374	1,404	(10)	2,596
Credited to Statement of Comprehensive Income	-	-	(399)	-	-	(399)
At 31 March 2021	4,250	160	(398)	-	(179)	3,833

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

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

Analysis of deferred tax (asset)/liability

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

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

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date, the deferred tax liability would have increased by £1.21 million.

NOTE 17 RETIREMENT BENEFIT SCHEMES

Defined Contribution Scheme

The Royal Mint Limited Group and Company operates a defined contribution scheme for employees who have joined the organisation since 1 January 2010 via The Royal Mint Limited Personal Pension Plan (GPP). The related pension assets are held in trustee-administered funds separate from The Royal Mint Limited Group. The total cost charged to the income statement of £1,863,000 (2019-20: £1,748,000) represents contributions payable to the scheme by The Royal Mint Limited Group at rates specified in the plan rules.

Defined Benefit Scheme

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

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

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

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

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

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

Employee contributions are salary related and range between 5.45% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of Premium, Classic Plus, Nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum.

NOTE 17 CONTINUED

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 their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to Nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

Risks

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

Actuarial Valuation

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

Details of Valuation Assumptions

An accounting valuation of the RMLS assets and liabilities for financial reporting purposes was carried out on 31 March 2021 by independent actuaries Xafinity Consulting. The liabilities have been valued using the projected unit method, taking into account benefits to 31 March 2015 when the scheme closed, with allowance for future salary increases or future price inflation for members of the Platinum Nuvos scheme.

The principal actuarial assumptions used were:

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

NOTE 17 CONTINUED

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

Amounts recognised in the Statement of Financial Position:

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

Amounts recognised in the Income Statement:

	2020-21 £'000	2019-20 £'000
Service Cost:		
Administration expenses	100	72
Net interest expense	14	102
Amounts charged to the Income Statement	114	174
Re-measurements of the net liability:		
Return on scheme assets (excluding amounts included in interest expense)	(3,408)	1,795
Loss/(gain) arising from changes in financial assumptions	5,850	(3,594)
Gain arising from changes in demographic assumptions	(85)	(173)
Experience gain	(256)	(66)
Charge/(credit) recorded in other comprehensive income	2,101	(2,038)
Total defined benefit charge/(credit)	2,215	(1,864)

Changes in the present value of assets over the year:

	2021 £'000	2020 £'000
Fair value of assets at beginning of year	17,456	16,973
Movements in year:		
Return on scheme assets (excluding amounts included in interest expense)	3,408	(1,795)
Interest income	382	412
Employer contributions	1,806	2,056
Benefits paid	(257)	(118)
Administration expenses	(100)	(72)
Scheme assets at end of year	22,695	17,456

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

NOTE 17 CONTINUED

Changes in the present value of liabilities over the year:

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

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

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

The major categories of scheme assets are as follows:

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

NOTE 17 CONTINUED

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

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

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

Sensitivity of the Liability Value to Changes in the Principal Assumptions

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

If the inflation assumption was 0.1% higher (lower), the scheme liabilities would increase by £737,000 (decrease by £713,000). In this calculation, all assumptions related to the inflation assumption have been appropriately adjusted, that is, the salary, deferred pension and pension in payment increases. The other assumptions remain unchanged.

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

If life expectancies were to increase (decrease) by one year, the scheme liabilities would increase by £1,032,000 (decrease by £1,026,000) if all the other assumptions remained unchanged.

NOTE 18 CAPITAL COMMITMENTS

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

NOTE 19 OPERATING LEASE COMMITMENTS

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

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 has 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:

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

Remuneration of Key Management Staff

Key management 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:

	2020-21 £'000	2019-20 £'000
Salaries and other short-term employee benefits	1,569	1,266
Post-employment benefits	240	248
	1,809	1,514

NOTE 21 ANALYSIS OF NET FUNDS/(DEBT)

Consolidated	At 1 April 2020 £'000	Non-cash changes £'000	Cash flow £'000	At 31 March 2021 £'000
Cash at bank and in hand	23,931	-	(14,418)	8,973
Overdraft	(8)	-	8	-
Obligations under lease	(543)	(1,671)	650	(1,564)
Loans	(36,929)	-	13,115	(23,814)
	(14,089)	(1,671)	(645)	(16,405)

NOTE 22 OTHER GAINS/(LOSSES) – NET

	2020-21 £'000	2019-20 £'000
Foreign exchange loss	(1,230)	(2,629)
Foreign exchange forward contracts gain/(loss)	1,711	(435)
Precious metal forward contracts gain	406	2,306
Ineffectiveness of commodity hedges	383	(649)
Set-up costs and operational losses associated with ETC	(602)	(702)
Grant income released to the income statement	153	153
	821	(1,956)

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

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

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

NOTE 23 FINANCIAL INSTRUMENTS

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

Financial Risk Management

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

Currency Risk

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

NOTE 23 CONTINUED

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

Sensitivity Analysis

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

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

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

Commodity Price Risk

The Group, by the nature of its business, is exposed to movements in the prices of the following commodities – nickel, copper, zinc, gold, silver and platinum.

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

NOTE 23 CONTINUED

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

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

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

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

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

Purchases are made in two ways:

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

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

NOTE 23 CONTINUED

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

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

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

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

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

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

NOTE 23 CONTINUED

Interest Rate Risk

The Group has exposure to interest rate risk, arising principally in relation to cash held at bank and precious metal consignment arrangements. Cash held at bank is subject to interest rate risk where the risk is primarily in relation to movements in interest rates set by the Bank of England.

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

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

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

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

Credit Risk

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

- 1) Trade receivables
- 2) Counter parties:
 - a) cash and cash equivalents
 - b) financial instruments

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

Currency Receivables

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

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

Consumer Wholesale

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

	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 91 and 120 days £'000	Over 120 days £'000
Wholesale trade receivables:				
2021	21	1	6	4
2020	110	19	12	187

NOTE 23 CONTINUED

Consumer Coin Business to Consumer

Orders taken via the internet are paid for prior to despatch using major credit/debit cards. Orders taken via the call centre for new customers are payable in advance, while 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:

	Statement status 0 £'000	Balance overdue statement status 1 £'000	Balance overdue statement status 2 £'000	Balance overdue statement status 3 £'000
Business to Consumer receivables:				
2021	2,687	40	6	696
Expected loss allowance at 31 March 2021	(81)	(8)	(6)	(409)
2020	2,983	216	9	278
Expected loss allowance at 31 March 2020	(89)	(155)	(4)	(317)

Precious Metals

The bullion is purchased specifically for the customer's order and is payable within 48 hours. Coins are only despatched when payment is received. There were no overdue balances at 31 March 2021 or 2020.

Counter-Party Risk

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

The maximum exposure to credit risk is limited to the carrying value of financial assets on the Statement of Financial Position as at the reporting date. For 2021, the amount is £29,004,000 for the Group and £30,914,000 for the Company (2020: Group £22,318,000 and Company £24,182,000). Based on historical experience and the low level of default, the credit quality of financial assets that are neither past due or impaired is considered to be very high.

Hierarchy Disclosure under IFRS 13

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 13:

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 Royal Mint Limited'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 Royal Mint Trading Fund has negotiated a revolving credit facility of £36 million until 28 February 2023, of which £23 million was drawn down at 31 March 2021. It is anticipated that this will be sufficient to meet future requirements in conjunction with an overdraft facility of £20 million. The Group also has a fixed term loan of which £814,000 was outstanding at 31 March 2021 (2020: £927,000).

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

NOTE 23 CONTINUED

At 31 March 2021

	Less than one year £'000	Between one and two years £'000	Between three and five years £'000	Over five years £'000
Borrowings	135	135	23,544	-
Lease liabilities	614	369	826	2
Derivative financial instruments	241	-	-	-
Trade and other payables*	84,788	-	-	-

At 31 March 2020

	Less than one year £'000	Between one and two years £'000	Between three and five years £'000	Over five years £'000
Borrowings	143	135	36,659	-
Lease liabilities	393	150	-	-
Derivative financial instruments	4,568	-	-	-
Trade and other payables*	97,476	-	-	-

* 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 2021 £'000	Carrying value 2020 £'000
Assets as per the Statement of Financial Position:		
Derivatives used for hedging	522	380
Trade and other receivables	29,005	16,950
Derivatives at fair value through profit and loss	638	3,347
Cash and cash equivalents	8,973	23,391
Liabilities as per the Statement of Financial Position:		
Borrowings	(25,378)	(37,480)
Derivatives used for hedging	(160)	(1,827)
Derivatives at fair value through profit and loss	(81)	(2,741)
Trade and other payables	(81,143)	(97,476)

NOTE 24 INVESTMENTS

Company	2021 £'000	2020 £'000
Investments in subsidiaries at 31 March	59,319	59,319
		Ownership
Subsidiaries		
The Royal Mint Limited and its subsidiaries RM Assets Limited, RM Experience Limited and RM Wynt Limited		100%
The Royal Mint Museum		100%
Capital and reserves:		
The Royal Mint Limited Group	60,021	51,140
The Royal Mint Museum Group	3,616	3,111
Profit/(loss) for the year:		
The Royal Mint Limited Group	9,708	(1,391)
The Royal Mint Museum Group	505	394

The Royal Mint Services Limited has been excluded on the grounds of immateriality.

Group	2021 £'000	2020 £'000
Investments in associate at 31 March	1,919	1,376

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

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

At 31 March 2021 Sovereign Rarities had £32,000 of fixed assets, £8,795,000 of current assets comprising £8,036,000 of stock and £759,000 of debtors, less liabilities of £2,594,000 resulting in total net assets of £6,232,000. The Royal Mint share was therefore £1,458,000 with a share in profits of £583,000 during the year, meaning the total value of the investment included in the Group was £1,919,000.

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

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

None.

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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