



THE ROYAL MINT®

THE ORIGINAL MAKER

ROYAL MINT
TRADING FUND

ANNUAL REPORT AND ACCOUNTS 2021-22

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

Ordered by the House of Commons to be printed on
12 October 2022

HC 613



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Annual Report and Accounts 2021–22

ROYAL MINT TRADING FUND

The Royal Mint Trading Fund Accounting Officer is Tim Jarvis.

THE ROYAL MINT LIMITED DIRECTORS

Graham Love*

CHAIRMAN

Anne Jessopp

CHIEF EXECUTIVE

Nicola Howell

CHIEF COMMERCIAL OFFICER

Andrew Mills

DIRECTOR OF CURRENCY

Huw Lewis

CHIEF FINANCIAL OFFICER

Xenia Carr-Griffiths*

Kate Barnett*

Shimi Shah*

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

Cheryl Toner*

William Spencer*

Andrew Butterworth*

*Non-Executive Directors

COMPANY SECRETARY

Christopher Inson

EXECUTIVE MANAGEMENT TEAM

Anne Jessopp

CHIEF EXECUTIVE

Nicola Howell

CHIEF COMMERCIAL OFFICER

Andrew Mills

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Caroline Webb

CHIEF MARKETING OFFICER

Fraser Forbes

DIRECTOR OF SUPPLY CHAIN

THE ROYAL MINT MUSEUM AND ROYAL MINT MUSEUM SERVICES LIMITED DIRECTORS

Dr Andrew Burnett CBE

CHAIRMAN

Lord Nick Macpherson of Earl's Court CGB

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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 2022, together with the Certificate and Report of the Comptroller and Auditor General thereon, are prepared pursuant to section 4 (6) of the Government Trading Funds Act 1973. In continuation of House of Commons Paper No 1244 of 2017-18. Presented pursuant to Act 1973, c.63, s.4 (6).

HC 613

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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 another record revenue-making year for The Royal Mint in 2021–22. The Royal Mint generated a revenue of £1.4 billion (2020–21: £1.1 billion) with the Consumer business delivering revenues of £1.3 billion, compared to £1.0 billion in the previous year.

This has been made possible because three years ago, The Royal Mint set itself the ambition of reinventing itself for the twenty-first century. It went back to its roots and placed heritage, expertise in precious metals and craftsmanship at the heart of what it does. It invested in its brand and grew the Precious Metals and Commemorative Coin businesses by attracting new customers.

Overall, The Royal Mint Trading Fund recorded an adjusted operating profit of £18.3 million for 2021–22 (2020–21: £13.2 million), a significant improvement from last year, which was itself a strong year. The Royal Mint Limited also satisfied all its Ministerial targets, covering Economic Value Added (EVA), and deliveries of UK Circulating Coins, Commemorative Coins and Medals.

Nevertheless, The Royal Mint continues to face a challenging operating environment as the demand

for coin continues to fall globally. The Group is working hard to restructure its coin business to provide a sustainable future, by reskilling and transferring employees into other businesses and investing in new lines of business that make best use of The Royal Mint's strengths to support future employment in South Wales.

One innovative example in 2021–22 was The Royal Mint's partnership with a Canadian tech firm, Excir, which brought pioneering new technology to the UK to recover precious metals from electronic waste. The Royal Mint is currently building a full-scale plant in Llantrisant to develop this technology and provide a direct source of sustainable precious metals for the business.

The first of this sustainably sourced gold will be used in a new luxury jewellery collection, called '886 by The Royal Mint' in celebration of the Royal Mint's symbolic founding date.

This year also saw The Royal Mint Experience, the tourist attraction in South Wales, fully reopen its doors after 18 months of coronavirus disruption, enabling it to again provide educational activities for families. During the year, The Royal Mint Experience unveiled a temporary exhibition dedicated to Her Late Majesty Queen Elizabeth II's Platinum Jubilee.

The Royal Mint Experience has received a Travellers' Choice award from TripAdvisor for the last three years in recognition of the consistently good reviews from customers.

The Royal Mint Museum likewise made significant progress in achieving its charitable objectives. In particular, the Museum led a 'Reminiscence Box' project, where boxes containing educational material, historic replicas and original objects were sent to care homes across Britain. A larger number of boxes were created than originally envisaged. This made it possible to distribute them on a national scale, with 580 care homes receiving one of the boxes and 20,000 residents benefiting from the experience.

I am very pleased to see The Royal Mint record such a successful result for 2021–22 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

The last three years have focused on a strategy to reinvent The Royal Mint and we are delighted to have achieved a significant milestone in our 1,100-year history. In financial year 2021–22, we delivered our largest profit since becoming a limited company, and since we were founded. This year also marked the end of our three-year strategy, designed to transform the business and deliver for the future.

This record performance was driven entirely by our customer-facing Consumer and Precious Metals businesses, and is testimony to the success of the strategy we put in place.

Our Precious Metals division now accounts for almost half of our total profit. Our highly successful Commemorative Coin and Collector Services divisions delivered a contribution to operating profit of £26.9 million (£21.3 million in 2020–21), demonstrating the continued strong demand for coins as collectable and investment pieces – particularly during the historic Platinum Jubilee year.

Our outstanding performance allows us the opportunity to continue to transform the business from a secure financial base – and importantly remain one of the largest employers in Wales while we continue to grow our global appeal as a Premium British brand and contribute to communities across the UK.

Our Currency division has been adjusted to mirror the decline in cash, and this has enabled The Royal Mint to safeguard long-term employment and reinvest in our future.

The trust placed in The Royal Mint over the centuries and our expertise in coin making and design provides the platform for us to expand our role in leading the way in precious metals and craftsmanship and enter new categories.

We have only achieved this through the dedication shown and contribution of our fantastic employees and suppliers. I have been so impressed with how they have grabbed the opportunity to do their part in creating The Royal Mint's future. It is such a privilege to lead such a great team.

As we enter the next phase of our vision, we are committed to becoming *famous and trusted, as The Original Maker, making metals precious to our customers, and championing British craftsmanship.*

THE NEXT STAGE OF OUR TRANSFORMATION

Building on our success to date, we have launched a new ambitious, but achievable, five-year plan to ensure we maintain our trajectory. We have aligned our portfolio of businesses across eight strategic areas to ensure they are aligned to the vision of The Royal Mint Group whilst making the right choices for all of our customers and markets.

The next five years will focus on what makes The Royal Mint unique – our expertise in precious metals, calibre of British craftsmanship, and our commitment to a sustainable and inclusive future.

SETTING THE STANDARDS FOR SUSTAINABILITY

As we continue to grow, we are determined to be financially and environmentally sustainable. Climate change is the biggest challenge facing the world, and I firmly believe that businesses that fail to take action now will struggle to retain customers and employees in the future.

We have already made significant strides in our environmental, social and governance (ESG) commitment. We are finalising our net zero commitment and the path to reach it while also taking a lead on sustainably sourced and recycled precious metals. A full summary of our ESG update and commitments is available to read within the Sustainability Report.

During the financial year we announced a partnership with Canadian clean technology start-up Excir. Together we are introducing pioneering new chemistry to the UK. The chemistry can recover precious metals from electronic waste in minutes at an ambient temperature – reducing the need to ship waste overseas and smelt at high temperatures.

To safeguard jobs and make the UK a leader in the circular economy of electronic goods and precious metals, we are now developing a multimillion-pound plant to process thousands of tonnes of

electronic waste per week, and this is set to begin operating in 2023.

The first division to make use of the gold recovered from electronic waste is our recently announced '886 by The Royal Mint'. I'm delighted that this is the first luxury jewellery brand in the world to use gold recovered from electronic waste, and it uses our ability to craft precious metals combined with classic and enduring designs to attract new customers to The Royal Mint.

'886 by The Royal Mint' is the first consumer business to launch within our five-year strategy and offers customers the opportunity to own precious metals lifestyle products and jewellery produced in Llantrisant with specially selected partners.

CHAMPIONING BRITISH CRAFTSMANSHIP

The Royal Mint is Britain's oldest business and the original maker of coins and precious metals. Our five-year plan is committed to continuing to champion British craftsmanship. Through the continued expansion of our business, we will retain the unique skills we have while becoming a centre of excellence for wider British craftsmanship.

The Royal Mint is one of the largest employers in South Wales and retaining employment is crucial to our decision-making. As our Currency division declines over the long term, we are working hard to reskill and transfer employees into our other businesses. We have already seen a number of employees transfer into Commemorative Coin and Precious Metal production roles, and the introduction of an e-waste plant in 2023 will create more opportunities.

Our long-term aim is for The Royal Mint to spearhead the resurgence of jewellery manufacture in the UK, providing a viable manufacturing alternative to international suppliers. Our new luxury jewellery division – 886 by The Royal Mint – currently employs 14 people, spanning metal fabricators, marketing and product design. A targeted recruitment and reskilling drive will ensure that by 2023, 75% of our jewellery production occurs in-house, helping to forge new careers and skills in South Wales.

A GREAT PLACE TO WORK

The Royal Mint has undergone a seismic change over the last three years, and ensuring we support our employees and foster a great place to work is integral to our success.

I was delighted when The Royal Mint made the Best Companies 'One to Watch' index this year in recognition of our employee engagement and proposition. We strive for an inclusive workplace and the appointment of Caroline Webb as our Chief Marketing Officer means that our Executive team has achieved 50/50 representation.

As our employees return to the office we have focused on peer-to-peer support, and encouraged our people to form groups and organisations where they can share experiences and knowledge in a safe space. This has included The Royal Mint's first-ever LGBTQ+ group, Enfys (rainbow in Welsh), an Equality, Diversity and Inclusion champions group, Menopause seminars and a gardening club, which created a recreational space for employees on site – as well as providing fresh fruit and vegetables. Our non-executive directors also continued to hold communication forums with the workforce to enhance and encourage two-way communication.

We continued to play an active role in our community, and to mark Her Late Majesty Queen Elizabeth II's Platinum Jubilee we joined in the national tree-planting programme. During the year, we made 1,000 trees available to employees, and donated 7,000 Platinum Jubilee coins to schoolchildren participating in the Queen's Green Canopy initiative.

THE YEAR AHEAD

As we enter the first year of a new five-year plan we are excited to introduce two new businesses, continue to embed our ESG strategy across the Group, and review our employee value proposition to retain and attract leading talent.

We are proud to have made the largest coin in our history as part of the celebrations surrounding Her Late Majesty Queen Elizabeth II's Platinum Jubilee. The 15kg Masterwork was crafted from fine gold as a private commission and signals the direction our brand is moving towards. Our larger and historic coins bridge the gap between collector items and investors – standing as unique works of art that epitomise British craftsmanship.

In early 2023, we will open our sustainable precious metals factory, providing a fresh source of precious metals for our business and helping to make the UK a leader in the circular economy of electronic waste. This is the first step in a commitment to being a leader in sustainable and recycled precious metals, and a key strand in our ESG commitments.

Anne Jessopp
CHIEF EXECUTIVE

Performance Report

FOR THE YEAR ENDED 31 MARCH 2022

I 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 operate as a portfolio business, with two main divisions: Currency and Consumer. The Consumer channel includes Precious Metals, Commemorative Coin, Collector Services, The Royal Mint Experience ('RME') and our gold-backed exchange-traded commodity (ETC).

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 profit¹ of £18.3 million (2020–21: £13.2 million).

Revenue increased to £1,403.5 million (2020–21: £1,057.0 million). This was predominately driven by a significant increase in the revenue generated by our Precious Metals division due to the continued economic uncertainty following the coronavirus pandemic.

Capital expenditure of £8.4 million (2020–21: £7.7 million) reflected our continued investment in the future, mainly across the following areas:

- innovative technology to sustainably extract precious metals from electronic waste;
- implementation of a new Customer Relationship Management system;
- new milling machine to increase capacity of large gold masterpiece coins; and
- the completion of a new brass-plating line.

Net assets increased by £20.4 million to £132.9 million. The increase in net assets has resulted from generating a profit after tax of £13.4 million; revaluation uplift of £7.7 million; a gain in the hedging reserve of £0.4 million; a reduction in the pension deficit (net of deferred tax) of £2.6 million; partially offset by a payment of £3.7 million dividend relating to 2020–21 performance.

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

	2021–22 £m	2020–21 £m
Revenue		
Currency	64.1	93.0
Consumer (excl. Precious Metals)	122.8	112.6
Precious Metals	1,216.5	843.8
Other	0.1	7.6
Total revenue	1,403.5	1,057.0
Operating profit/(loss)		
Currency	(4.5)	(1.4)
Consumer (excl. Precious Metals)	27.2	21.8
Precious Metals	20.3	15.4
New Businesses	(2.7)	(1.6)
Central overheads	(22.0)	(20.9)
RM Wynt	(0.1)	(0.1)
RM Experience	0.1	-
Adjusted Operating profit	18.3	13.2
IFRS 9 related adjustments (note 5)	0.3	0.8
Exceptional items (note 5)	(0.4)	(0.8)
Operating profit	18.2	13.2
Share of associate	0.6	0.6
Net finance cost	(0.6)	(0.9)
Profit before tax	18.2	12.9

Consumer

Our Consumer division comprises of Commemorative Coin, Precious Metals, Collector Services and The Royal Mint Experience, operating in the UK and internationally. For segmental reporting purposes, the Precious Metals business is reported independent of the rest of the Consumer division.

During the year, Consumer revenue increased by 40% to £1.34 billion (2020–21: £956.4 million), and contribution to operating profit increased to £47.5 million (2020–21: £36.7 million).

PRECIOUS METALS

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

Over the last three years, the Precious Metals division has grown to account for almost half of The Royal Mint's total profitability. In the financial year 2021–22, revenue increased to £1.22 billion (£843.8 million in 2020–21) and its contribution to operating profit was £20.3 million, up from £15.4 million in 2020–21.

During the year, rising inflation and continued geopolitical uncertainty continued to drive investors to safe haven assets such as gold and silver. However, The Royal Mint has increased its market share, attracted a record number of new customers to the business, thanks to innovative products, trade partnerships and sustained marketing activity.

As part of the wider Group commitment to sustainability, the division began recycling commemorative coins into gold and silver investment bars during the year. The bars are recycled on site, helping to reduce air miles and safeguard jobs.

Highlights of the year

- Modernisation of production, effective pandemic resourcing and working closely with suppliers helped to secure significant increases in capacity.
- Increased marketing activity is helping to attract new customers, with the volume of female investors increasing from 10% in 2019–20 to 22% in 2021–22.
- RMAU, The Royal Mint's exchange-traded commodity (ETC) operated by HANetf, reached \$600 million assets under management, becoming one of the fastest growing gold-backed ETCs in Europe.
- All of the physical gold bars backing DigiGold and RMAU now meet the London Bullion Market Association's 2019 good delivery standard – offering investors the highest ESG standard available.
- A dedicated Diwali range was developed in partnership with the South Wales Hindu Community, featuring the goddess Lakshmi on a range of gold bars.
- The Royal Mint collaborated with US-based New Direction Trust Company, allowing self-directed investors to use their tax-advantaged saving accounts (e.g. IRAs, Solo 401(k)s, HSAs) to invest in precious metals directly from The Royal Mint.

COMMEMORATIVE COIN

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

As the most profitable business within the Consumer portfolio, the Commemorative Coin division drove the largest share of the contribution to operating profit of £27.2 million (2020–21: £21.8 million). To mark the historic Platinum Jubilee, The Royal Mint launched one of the largest coin collections in its history, including the first royalty-themed 50p. The collection gained intense media interest, including the front page of *The Times* newspaper, and the majority of the range sold out on launch day.

The business continues to raise awareness and the appeal of larger coins, which combine intrinsic metal value with works of art. During the year, The Royal Mint was commissioned by a private collector to create a unique 15-kilogram gold masterpiece, celebrating the Platinum Jubilee. The coin is the largest in The Royal Mint's history and took over 400 hours to craft and polish.

The Royal Mint's visitor attraction, The Royal Mint Experience, sits within the Commemorative Coin division and fully reopened its doors this year following 18 months of coronavirus disruption. The attraction recorded its busiest ever Christmas, with over 7,000 visitors, thanks to a special Santa's Grotto event. During the year, it unveiled a temporary exhibition dedicated to Her Late Majesty Queen Elizabeth II's Platinum Jubilee and retained its ranking as one of TripAdvisor's top 10% of attractions globally.

Highlights of the year

- Strong demand for Platinum Jubilee coin collection – attracting thousands of new customers in the UK and overseas and generating worldwide media attention.
- A new ten-coin series celebrating the Tudor Beasts was launched at a live event in Hampton Court Palace, attracting over 4,000 streams online.
- The Music Legends series continued, with The Who frontman Roger Daltry visiting The Royal Mint to strike his own coin.
- 7,000 Platinum Jubilee coins were gifted to Young Foresters participating in the Queen's Green Canopy Award.
- Over a third (37%) of the Commemorative Coin division's revenue was driven by international sales during the year.

COLLECTOR SERVICES

The Royal Mint is the original maker of UK coins, and is uniquely placed to authenticate, source and advise on historic British coins and works of numismatic art. The Collector Services business offers customers a range of historic coins to develop their collection, as well as sourcing rare coins from the secondary market to help customers build a collection or invest in key pieces.

Since being established in 2018, it has successfully grown year-on-year to contribute an operating profit of £3.3 million in 2021–22 (£2.4 million in 2020–21). It now supports and advises over 20,000 customers building historic coin collections. The division has seen growth of 58% year-on-year, with significant expansion internationally, particularly in the US and Asia where historic British coins are particularly desirable to collectors.

Highlights of the year

- The implementation of an auction programme, offering rare and historic numismatic works of art, with significant plans to grow over the coming years.
- Collect Week, The Royal Mint's annual celebration of collectors and collectables, reached a record audience of 20,000 visitors every day.
- The first 'Trial pieces auction' saw a total hammer price in excess of £370,000, with an extremely rare Kew Gardens Trial piece selling at £26,000.

Currency

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

Over the year, The Royal Mint made 1.55 billion coins and blanks for 22 countries around the world (2020–21: 1.72 billion pieces in 22 countries) and 339 million circulating coins for the UK (2020–21: 437 million).

Sales in Currency decreased to £64.1 million (2020–21: £93.0 million) and the business delivered an adjusted operating loss of £4.5 million (2020–21: loss of £1.4 million).

Highlights of the year

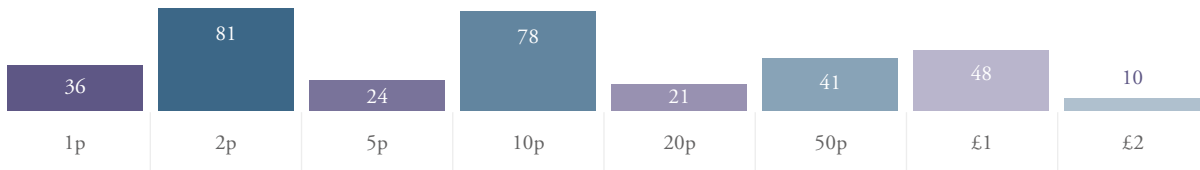
- Investment in a new £8.4 million brass-plating line, which will deliver operational and environmental benefits including recovery of raw material at source using evaporation and reduced water consumption.
- A special 50p design commemorating Her Late Majesty Queen Elizabeth II's Platinum Jubilee was produced, with 1.3 million entering circulation via Post Offices.

UK Coins Issued in Year

PIECES IN MILLIONS

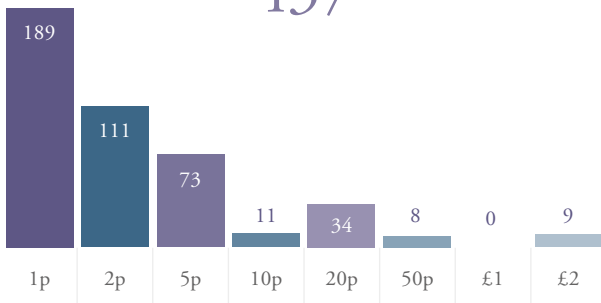
2021-22
TOTAL ISSUED

339



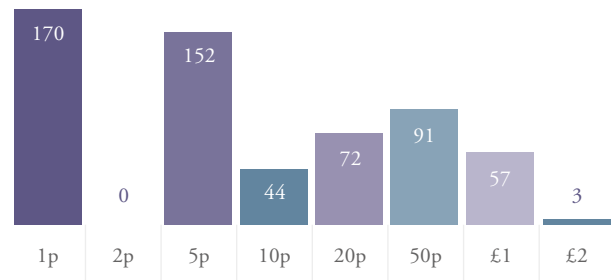
2020-21
TOTAL ISSUED

437



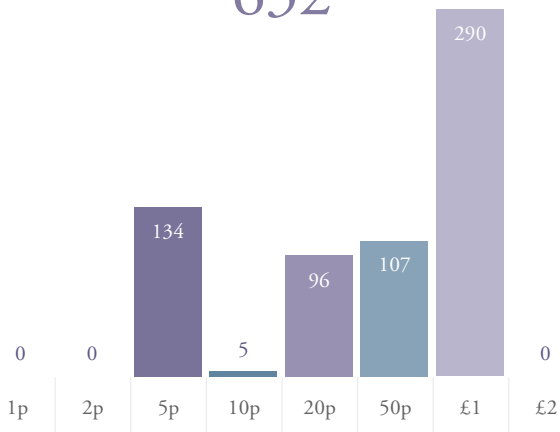
2019-20
TOTAL ISSUED

589



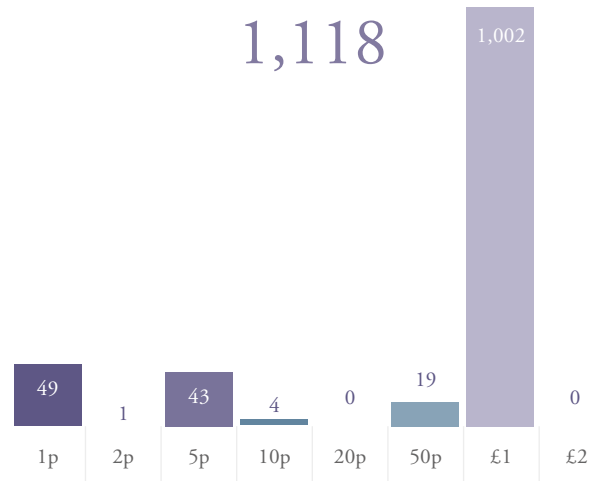
2018-19
TOTAL ISSUED

632



2017-18
TOTAL ISSUED

1,118



Dividends

Post year-end, the Board declared a dividend for 2021–22 of £5.06 million. Dividends relating to 2020–21 earnings of £3.73 million were paid during the year. No dividends were paid during the prior year relating to 2019–20.

Financial risk management

The Royal Mint's risk priorities in 2021–22 were in the following areas:

- cyber security;
- impact of global, geo-political and macro-economic events (including war between Russia and Ukraine);
- physical security and health and safety;
- failure to generate new businesses to offset the downturn in domestic and international currency markets;
- failure to scale infrastructure to deliver business growth;
- compliance and regulation;
- environmental changes;
- change in sentiment to themes and collections;
- people structures and succession plans not appropriately managed; and
- disruptive technology.

The Group's overall risk management approach is highlighted within the Accountability 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 2021–22, the year-end impact was a profit of £0.3 million (2020–21: £0.8 million profit). Financial risk management disclosures are set out in note 23 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 89% (2020–21: 90%) 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 our ambitious growth and transformation plans. We launched a new five-year plan to our employees during the year and have put significant effort into ensuring this has been cascaded effectively across the organisation. This has involved utilising a variety of communication vehicles, including face-to-face and virtual briefing sessions and a new visual strategic roadmap, as well as an on-site 'launch' event.

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 and we remain committed to ensuring these values are upheld by all employees across the organisation with a refreshed 'leadership behaviour framework'.

With the receding impact of the coronavirus pandemic we have been able to welcome our non-operational staff back to our site in Llantrisant with increasing regularity and we have embraced a new 'hybrid' working model. This enables our employees to blend home and on-site working with a broadly 50/50 approach. This has been well received and we continue to work on developing our processes, policies and procedures to make this working model as efficient and effective as possible. The adoption of this approach has had a significant positive impact on our ability to recruit new talent into the organisation, particularly in our new businesses where we have successfully recruited a selection of new skills, which will help us deliver the implementation and growth of these businesses.

We were extremely successful with our recruitment activity during the year and welcomed over 150 new employees into the business. This was a significant achievement in terms of attracting and recruiting new talent into the business as well as the onboarding process that ensured individuals were able to integrate as seamlessly as possible into the business.

We continued to support the Government Kickstart scheme during the year and were proud to be able to support so many young people with their first steps into employment. We have been able to support over 30 placements through the scheme since it started. Five kickstarters have secured permanent contracts with The Royal Mint; two individuals have secured fixed-term contracts with The Royal Mint; five individuals have secured temporary

appointments into the business via our on-site agency; one individual left to attend university; and a further five kickstarters successfully secured permanent roles with other businesses.

Safety, health and environment (SHE)

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

Apart from our duty of care to all employees and the community in which we live, we are proud of the culture we have within The Royal Mint; we support each other towards improving SHE performance through nurturing and learning together without apportioning blame. Whilst the organisation diversifies, we ensure our legal obligations remain compliant and our people looked after.

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

- our SHE culture through upskilling and supporting staff with 50 managers successfully completing the NCRQ Safety for Managers course;
- our health and wellbeing through the onboarding of 40 mental health first aiders;
- our SHE systems through internal and external auditing and compliance monitoring; and
- safely continuing our hybrid working through new hybrid Display Screen Equipment (DSE) assessments.

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

- Workshop delivery in the RME restarted in September 2021. Bookings have been steady through the autumn and spring terms, with over 600 pupils attending Museum workshops and presentations.
- Online school sessions on a variety of topics were delivered to schools across all four nations of the United Kingdom, reaching over 1,000 pupils aged between five and sixteen.
- The Museum's website now has a collection of downloadable activities suitable for family audiences and young children. These can be used at home or supplied to assist visits to The Royal Mint Experience.
- We have forged relationships with Cadw and the National Caribbean Heritage Museum that will help in delivering future projects.
- Plans are moving forward for quarterly talks as online offerings in place of physical events in order to reach a wider audience across the country and internationally.

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

ENHANCED ACCESS TO THE COLLECTION

- In 2021–22, the Museum website had almost 36,869 visitors and over 82,000 page views. Analysis of visitor numbers to the website and patterns of use via Google Analytics has resulted in changes to the website structure, including the addition of a section on British coinage and drop-down functionality on the main menu to make content easier to find. In addition, the use of Google Search Console to improve search engine optimisation has resulted in a 14% increase in clicks through organic Google searches.
- On the Museum's Google Arts and Culture page, 165 objects and 9 online exhibitions are currently available. A further three exhibitions are in progress. In September 2021, the Museum began uploading original content to its YouTube channel for the first time. In total, six short films are now featured which have attracted over 400 views. Five additional short films are in production.
- The Museum's Facebook page saw a 5.4% increase in followers to a total of 4,866. The Twitter feed saw a 12.2% increase in followers to a total of 3,281. The Museum's Instagram following saw a 42.5% increase to a total of 1,480. While this represents a slightly slower growth than the prior year, the Museum saw a 327% increase in link clicks on Twitter content resulting from a targeted effort to convert followers into website traffic.
- The website is updated on a weekly basis to encourage repeat visits. Monthly newsletters are produced and family-friendly content is added for a younger audience to support changing Museum themes, such as the Platinum Jubilee.
- Scanned copies of The Royal Mint's annual report, from 1870 to 1976, and the Waterloo Medal Roll were uploaded to the PastView system in December 2021. They have since been visited by 6,000 users.
- Collection Highlights and Journal pages of the website are now accessible for users with audio and visual impairments. Pages can be accessed by screen readers for people with visual impairments, all video content has been captioned or contains auto-generated captions via YouTube, headings have been correctly organised to provide structure to relevant content and all images include descriptive alt text.
- A new temporary exhibition location was created and a display installed in the RME to commemorate the life of Prince Philip.

COLLECTIONS MANAGEMENT

- Papers for the first 150 meetings of The Royal Mint Advisory Committee, covering the period from June 1922 to November 1963, have been scanned in-house. It is intended that they will be made available online to coincide with the 100th anniversary of the Committee, which falls in June 2022.
- The transfer of machinery and other items from the Museum Store to the ground floor of the Museum building is nearing completion. Good progress has also been made on relocating items from the Library to the new Museum Store. Lockdowns due to the pandemic hindered access during certain periods of the year.
- The Heaton coining press, a focal point in the centre of The Royal Mint site, was taken off site for restoration work and repainting. It was returned to site in time for the Service of Remembrance in November.

- A new wireless Hanwell environmental monitoring system was installed, which will improve frequency and quality of data in relation to temperature and humidity.
- 377 coins, and other items, were accessioned into the Museum collection received through The Royal Mint.
- A number of acquisitions were made from external sources in relation to the established collecting themes of Britannia and St George and the dragon, and in relation to former Royal Mint officials.
- Work continued on finalising a published catalogue of the Library of Sarah Sophia Banks.

RESEARCH AND PUBLICATIONS

- The total number of public enquiries answered since April 2021 was 1,106 (as compared to 1,112 in the prior year). Some of these have resulted in collaboration with museums in Lithuania and Latvia.
- A monthly article was published in *Coin News* throughout the year providing research and information about objects in the collection. This column in the magazine has now been running continuously for 19 years.
- The Museum team has commissioned and supported the publication of *When Britain Went Decimal: The Coinage of 1971*, by Mark Stocker.
- Support is being provided to Sir Mark Jones in relation to his forthcoming catalogue of the work of William Wyon, former Chief Engraver of The Royal Mint.
- Articles were written for the *British Numismatic Journal*. Articles were also written for the magazine *Coin Collector* and the journal of the European Association for Banking and Financial History.
- An article on the production of the gold sovereign in the post-war period, by Chris Barker, Information and Research Manager, is currently in preparation and shortly due for submission to the *British Numismatic Journal*.
- The Museum team continues to review marketing and sales copy for historical accuracy. David Mason, Public Engagement and Information Officer, has served as subject matter expert for a forthcoming coin design and the associated copy.

THE 50TH ANNIVERSARY OF DECIMALISATION

The Museum completed the delivery of its decimalisation project, 'What's that in Old Money?'. The project was 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. Progress of the project spread over 18 months has covered the following individual elements.

- 45 Reminiscence Boxes were created and have been sent out to 580 care homes throughout Britain. The locations to which the boxes have been sent stretch from the Isle of Wight to the Shetland Islands.
- A short story competition for primary school children in Wales attracted 251 entries.
- Online educational resources on the theme of decimalisation were created for the Museum website.
- A medal competition was arranged for undergraduates studying art and design that attracted 18 entries.
- Online educational sessions were run on the subject of decimalisation. 360 pupils of ages 11–16 and 460 pupils of ages 4–11 were engaged.
- A temporary exhibition on decimalisation in the RME was installed.
- A history of the art and design of decimalisation by Mark Stocker was published.

PLATINUM JUBILEE

Work started on a project to commemorate the Platinum Jubilee of Her Late Majesty Queen Elizabeth II. It will draw on some of the main channels used to deliver the decimalisation project.

- The Reminiscence Boxes have been repurposed to contain objects relating to the Platinum Jubilee.
- A short story competition for primary school children throughout the United Kingdom was arranged and attracted 521 entries.
- A temporary exhibition has been installed in the RME.
- A medal design competition embracing undergraduates and recent graduates has been arranged.

Directors

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

Jamie Carter resigned as a Non- Executive Director on 26 July 2021 and Andrew Butterworth was appointed on the same date.

Michael Clayforth-Carr resigned as a Non-Executive Director on 28 February 2022 and Kate Barnett was appointed on the same date.

A list of current Directors of The Royal Mint Museum is also shown on page 3. The senior manager of The Royal Mint Museum is seconded from The Royal Mint Limited. Victoria Rogers resigned on 14 October 2021. Dafydd James and Swati Dhingra were both appointed on 9 February 2022.

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

Independent auditors

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

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

Going concern

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

Directors' third-party and pension scheme indemnity provision

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

Tim Jarvis

ACCOUNTING OFFICER

6 October 2022



Sustainability Report

Overview

THE IMPORTANCE OF ACTION

Sustainability is a journey and, now more than ever, there is an urgency for organisations to respond in an agile, collaborative way.

The Royal Mint has a 1,100-year history and being sustainable is integral to our operations. Directly aligned with our overall vision for the organisation is our sustainability vision, which involves ‘investing in a sustainable future for all our stakeholders – customers, the precious metals industry, employees, communities, and the environment’.

From climate change, resource scarcity and supply chain volatility to employee retention, public perception and corporate governance, organisations in the United Kingdom and across the world are facing a number of environment, social and governance (ESG) risks and related business challenges. If managed appropriately, some of these risks can also present opportunities – for the organisation and its stakeholders. Here at The Royal Mint we are actively working to understand and manage our ESG risks and opportunities so we can provide authentic, premium products and services in the most sustainable way possible.

TAKING INSPIRATION FROM OUR ORIGINS IN PRECIOUS METALS TO DELIVER SUSTAINABLE BUSINESS PRACTICES

This year, our sustainability reporting reflects a broader range of key ESG topics, enabling us to celebrate our successes while continuing to look ahead. As explained by our CEO on page 6 we made significant strides on our ESG commitments over the last financial year and have also introduced a new five-year plan in which sustainability sits at the heart.

As we strive to become leaders in the production of sustainable precious metals we have developed a formal sustainability framework to guide the decisions we make and the way we operate. Built around key ESG considerations, we have identified four pillars and related strategic drivers that are critical to helping us achieve our overall business and sustainability ambitions. On the following pages we provide a summary within each of these four pillars some of our key achievements and selected case studies for FY21/22, as well as an insight into what’s next in FY22/23. We also highlight which of the 17 United Nations Sustainable Development Goals our activities aim to address and positively impact.

The Original Maker, investing in a sustainable future for all our stakeholders: customers, the precious metals industry, employees, communities and the environment.

			
A Sustainable Future	Enhancing our Community	Great Place to Work	Integrated ESG
<p>Developing innovative solutions in the precious metals industry to support a circular economy, lower our carbon footprint and drive responsible sourcing practices, with a focus on:</p> <ul style="list-style-type: none"> • Net zero carbon • Circular economy • Product & packaging development • Resource management • Responsible Sourcing 	<p>As the Original Maker, reviving and showcasing British skills, craftsmanship and education in the precious metals industry and proudly supporting our local and wider communities, with a focus on:</p> <ul style="list-style-type: none"> • British craftsmanship • Sustained employment • Skills, education & aspirations • Community engagement 	<p>Creating an exceptional, future focused environment for our teams, valuing diversity, and collaborating to provide sustainable employment and a great place to work, with a focus on:</p> <ul style="list-style-type: none"> • Employee engagement • Diversity & inclusion • Health & wellbeing • Training & skills excellence 	<p>Ensuring environment, social and governance topics are at the core of everything we do, driving ourselves to make a measurable difference every year, with a focus on:</p> <ul style="list-style-type: none"> • ESG governance & reporting • ESG upskilling & ownership • Management systems • Business ethics • Industry collaboration & leadership



“As we transform for the future, a focus on sustainability sits at the heart of our business. As we strive to become leaders in sustainable precious metals, we are investing in our operations, our people, supply chains and communities, and always with our customers in mind.”

ANNE JESSOPP, CHIEF EXECUTIVE OFFICER

A Sustainable Future

The Royal Mint is committed to developing innovative solutions in the precious metals industry to support a circular economy, lower our carbon footprint and drive responsible sourcing practices.

KEY ACHIEVEMENTS IN 2021-22:

- Almost 3% of our energy supplied by on-site renewables and 100% of our grid electricity is from certified renewable sources.
- Installation of additional electric vehicle charging points in The Royal Mint Experience visitor car park.
- Recycling of gold coins into new bars, achieving a world first within our investment services.
- Only working with refiners on the LBMA's 'Good Delivery List' or that are full LBMA members. All physical gold backing our digital investment products met LBMA's latest (2019) Good Delivery Criteria.
- Understanding our organisational greenhouse gas footprint as a key step in our journey to net zero.
- We continue to monitor our performance related to management of resources on-site, including energy consumption, water use and waste generation. More details are provided at the end of the report, including information required to comply with the Streamlined Energy and Carbon Reporting (SECR) regulations.
- Investing in the development of our new sustainable precious metals business (see case study).



“The Royal Mint has thrived for over 1,100 years thanks to our entrepreneurial spirit, and the Excir technology complements our ambition to be a leader in sustainable precious metals. The chemistry is revolutionary and capable of recovering precious metals from electronic devices in seconds. It offers huge potential for The Royal Mint and the circular economy – helping to reuse our planet’s precious resources and creating new skills in the UK.”

SEAN MILLARD, CHIEF GROWTH OFFICER

CASE STUDY: E-WASTE INITIATIVE

As part of The Royal Mint’s ambition of becoming a leader in sustainably sourced precious metals and the circular economy, we have partnered with Excir to recover precious metals from e-waste.

This pioneering new technology will enable The Royal Mint to recover precious metals from discarded electronic devices such as mobile phones and laptops. It will also provide a source of high-quality precious metals while offering a solution to significant and growing environmental challenges. This initiative forms part of The Royal Mint’s reinvention strategy, and is an important step in our ambitions to increase use of recycled metals, and decreasing our reliance on mined metals.

99%

amount of gold recovered from e-waste, using patented new chemistry developed by Canadian firm Excir in partnership with The Royal Mint

WHAT’S NEXT FOR 2022-23?

- Deep dive into our Scope 1, 2 and 3 greenhouse gas (GHG) emissions as part of our decarbonisation ambitions.
- Starting construction of a Local Energy Centre (LEC), which when operational will significantly increase our production of renewable electricity.
- Commissioning a new brass-plating line, delivering energy savings, integrated wastewater treatment and better operational efficiencies.
- Expanding our capabilities to recover gold from e-waste, scaling up to an industrial level and being fully operational during 2023.
- Developing an enhanced responsible sourcing strategy that addresses a range of ESG topics, including decarbonisation, British sourcing and precious metals recycling.
- Reviewing transit and product packaging solutions across the business, with a focus on sustainable materials and circular business models.

Within our ambitions for *A Sustainable Future* we aim to address and positively impact the following United Nations Sustainable Development Goals:

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



Enhancing our Community

As the Original Maker, we are committed to reviving and showcasing British skills, craftsmanship and education in the precious metals industry and proudly supporting our local and wider communities.

KEY ACHIEVEMENTS IN 2021-22:

- Committed to remaining a major employer in South Wales – reskilling and transferring roles as our business evolves with a number of employees already benefiting from inter-departmental transfers.
- Continued fundraising and volunteering activities performed by our teams for our official charity partner, Cerebral Palsy Cymru, raising almost £15,000.
- The Royal Mint Museum continued to deploy and further enhance the Museum in a Box initiative, reaching almost 580 care homes since its launch.
- Ongoing partnership with the Welsh-based National Cyber Security Academy – recruited three graduates and supervised cyber-related dissertations of seven students from the University of South Wales.
- Supported learning and development within our local communities – from face-to-face and online engagement with schoolchildren to our continued participation in the Kickstart programme (see case study).

CASE STUDY: KICKSTART PROGRAMME

The Royal Mint was one of the first companies to sign up to the Government's Kickstart Scheme, which is a programme designed to support people aged 16–24 by offering them a work placement. This helps them widen their experience and gain valuable skills needed to develop their career. Since its launch, The Royal Mint is proud to have welcomed almost 30 amazing young people into our business, with over half going on to further employment contracts either within or outside The Royal Mint.

— £14,767 —

total amount our team raised and donated to our official charity partner, Cerebral Palsy Cymru.



“With no office experience in marketing I wasn't sure what to expect, but I'm thoroughly enjoying and I've learnt so much about the business and the different aspects of marketing in the time I've been here.

I wasn't expecting to be so involved with the team from the offset, but I've been lucky enough to work on some exciting projects and everyone is so keen to help and support me.”

EVE LEWIS, MARKETING ASSISTANT
AND A ROYAL MINT KICKSTARTER

WHAT'S NEXT FOR 2022-23?

- Launch of an exciting new jewellery and homewares range, created using traditional craftsmanship and cutting-edge sustainability.
- Promoting and showcasing British craftsmanship with a focus on skills, jobs, products and events.
- Various community engagement activities, including those related to The Queen's Platinum Jubilee celebrations.
- Forming a two-year partnership with our new formal charity partner, Mind Cymru.
- Enhanced entry-level talent programme including work placements, apprenticeships and graduate opportunities.

Within our ambitions for *Enhancing our Community* we aim to address and positively impact the following United Nations Sustainable Development Goals



We raised almost £15,000 for Cerebral Palsy Cymru through activities such as a staff zipwire challenge.

Great Place to Work

At The Royal Mint, we are committed to creating an exceptional future-focused environment for our teams, valuing diversity and collaborating to provide sustainable employment and a great place to work.

KEY ACHIEVEMENTS IN 2021-22:

- Made Best Companies 'One to Watch' list.
- Disability Confident Committed and formally partnered with Inclusive Employers.
- 50% of our Executive Team are female.
- Various staff engagement and support activities, including mental health first aiders, EDI Champion group, Gardening Club and 'Beat the Blues' walking challenge.
- Coinciding with International Women's Day, launched a new Britannia collectable coin depicting three female figures in one design. Also celebrated our notable female figures, including Rosalind Franklin and Mary Anning.
- Launched the Lakshmi Bar – the first UK bullion bar range to celebrate Diwali – the festival of lights (see case study).

CASE STUDY: LAKSHMI GOLD BAR – CELEBRATING DIWALI

As part of its ongoing commitment to diversity and inclusion, The Royal Mint launched the first UK bullion bar range to celebrate Diwali – the festival of lights.

The 'Lakshmi' bar – a 20 gram gold bar with the Goddess of Wealth engraved intricately into the precious metal – was designed by Royal Mint designer Emma Noble, through close collaboration with the Shree Swaminarayan Temple in Cardiff to ensure accuracy and cultural authenticity in design.

The Lakshmi Bar sees The Royal Mint's expansion of diverse cultural celebrations, following the success of the 1g and 5g gold bars in henna-inspired packaging that launched last year and proved incredibly popular with customers celebrating Diwali.

— 15 —
EDI champions

— 37 —
mental health first aiders



“It is a privilege to join The Royal Mint as it forges an exciting new future for Britain's oldest company. Today's employees and consumers demand trust, authenticity and ethics, and The Royal Mint is ideally placed to deliver this as a premium British brand. I have been impressed by the diversity already present on The Royal Mint's board, and will build on that to help them meet the needs of more diverse customer and employee groups.”

SHIMI SHAH, NON-EXECUTIVE DIRECTOR

WHAT'S NEXT FOR 2022-23?

- As we celebrate *differences for an inclusive future* we will continue to develop and deploy our internal Diversity & Inclusion programme with a focus on process (e.g. measuring, benchmarking and target setting) and specific topics (e.g. neurodiversity, ethnicity, gender and disability).
- Further celebrating diversity and inclusion through our products and services, including the 50th anniversary of Pride UK where we will issue a 50p coin, marking the first time Britain's LGBTQ+ community has been celebrated on a UK coin.
- Supporting the health and wellbeing of our staff, including the continuation of our Employee Assistance Portal, the training of additional mental health first aiders and promoting volunteering opportunities.

Within our sustainability ambitions to be a *Great Place to Work* we aim to address and positively impact the following United Nations Sustainable Development Goals:

5 GENDER EQUALITY

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES



Inclusive Employers

disability confident
COMMITTED

ONE TO WATCH
BEST COMPANY
2021

Integrated ESG

The Royal Mint is ensuring environment, social and governance topics are at the core of everything we do, driving ourselves to make a measurable difference every year.

KEY ACHIEVEMENTS IN 2021-22:

- A renewed focus on our people capability: taking steps to enhance knowledge and adapt processes in order to build internal expertise and further drive ownership of our sustainability requirements.
- Maintained certification to a number of formal business management systems covering International Organization for Standardization (ISO) 50001 (Energy), ISO 14001 (Environment) and ISO 9001 (Quality). Gained certification to ISO 27001 (Information Security management system) and maintained compliance with ISO 45001 (Occupational Health and Safety management system).
- Ongoing implementation of processes important to our business ethics, including staff code of conduct, anti-bribery and corruption, and whistleblowing.
- Comprehensive review of our Anti-Slavery and Human Trafficking Statement (see case study).

CASE STUDY: ZERO TOLERANCE TO MODERN SLAVERY

We are not aware of any modern slavery practices in our supply chain; however, we do not intend to be complacent.

Through the engagement of key internal stakeholders, including representatives from Legal, Human Resources, Finance, Supply Chain Management and Sustainability, we undertook a comprehensive review of our Anti-Slavery and Human Trafficking Statement.

We will continue working to improve our policies and procedures to ensure slavery and human trafficking is not taking place anywhere in our immediate or extended supply chains. We will continue to undertake appropriate due diligence checks on suppliers of goods and services and require commitments from suppliers on anti-slavery and human trafficking.

Looking ahead, we will also be implementing a specific strategic project related to responsible sourcing during FY22-23. Outputs of this project will help identify any further improvements required to our procurement processes to aid management of modern slavery risks in the supply chain.

— 5:4:1 —

Number of management systems operated in accordance with a formal ISO standard (5), number certified (4) and new certifications achieved this year (1)



“Driving ownership and accountability is key to the integration of environment, social and governance (ESG) requirements across our business. The annual review of our Anti-Slavery and Human Trafficking Statement is an action we take very seriously and is a good example of integrated ESG in action. Led by the Legal & Compliance Team and supported by key internal stakeholders across different departments ensured this year’s review was thorough and robust, providing a framework for us to build on going forward.”

HUW LEWIS, CHIEF FINANCIAL OFFICER AT THE ROYAL MINT

WHAT’S NEXT FOR 2022-23?

- Continuing to review our business management systems with a particular focus on occupational health and safety and quality management.
- Co-leading discussions within the new *Sustainability Committee of the Mint Directors’ Conference (MDC)* to collaborate on, promote and support the adoption of innovative, sustainable business practices in the mint industry.
- Forming a number of new strategic partnerships with organisations that support our goal to become sustainability leaders in the precious metals industry.
- Further enhancing our governance and reporting processes with a renewed focus on capability and transparency: putting ESG central to decision-making and providing greater visibility of our sustainability ambitions, targets and progress.

Within our sustainability ambitions for *Integrated ESG* we aim to address and positively impact the following United Nations Sustainable Development Goals:



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

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

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

ACCREDITATIONS

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

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



ENERGY CONSUMPTION AND CO₂ EMISSIONS

The use of energy continues to be a significant aspect of The Royal Mint'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.

RENEWABLE ENERGY

The Royal Mint has two forms of renewable energy directly servicing the site: a wind turbine and a small roof-mounted solar panel array.

During 2021–22, the wind turbine generated almost 600,000 kWh. This is lower than the previous year due to differing weather conditions.

The installed photovoltaic (solar panel) systems generated around 24,000 kWh. Building/laboratory refurbishment required part shut down of one of the photovoltaic systems during the year.

Mains electricity is supplied from 100% renewable sources based on the Renewable Energy Guarantees of Origin (REGO) scheme.

ENERGY USE AND COSTS

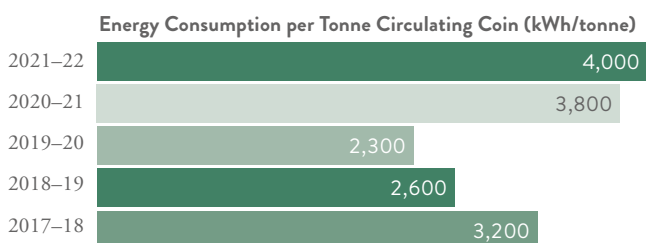
Energy consumption figures include both consumed grid energy and on-site generated energy.

Year	Electricity Consumption (gigawatt hours)	Gas Consumption (gigawatt hours)	Energy Costs (£'000)
2021–22	24	19	3,550
2020–21	26	20	3,881
2019–20	30	21	4,335
2018–19	32	20	3,953
2017–18	40	22	4,517

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

EMISSIONS INTENSITY RATIO

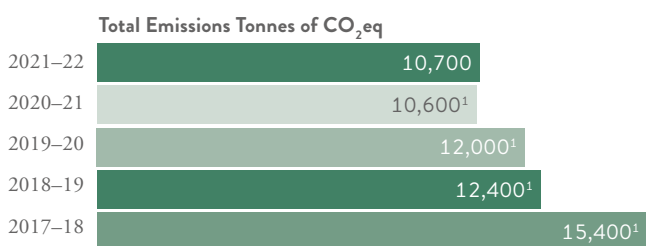
The emissions intensity ratio used by The Royal Mint and as agreed with Natural Resources Wales is energy use per tonne of circulatory coin.



The lower energy consumption figures for 2020-21 and 2021-22 per tonne of circulating coin are due in part to the lower production tonnages produced in those years. The operational plant has a significant base load that is greatly impacted by lower tonnage and plant efficiency.

TOTAL EMISSIONS – TONNES OF CO₂eq

For 2021-22, total emissions were 10,700 tonnes of CO₂ equivalent (CO₂eq).



The increase in emissions is due to increased transport usage and reintroduction of airline travel.

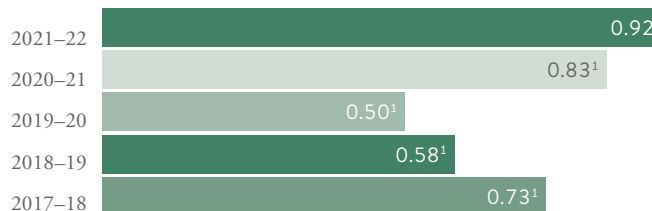
In moving the production of non-ferrous metal to purchased goods/services, greenhouse gas emissions move from Scope 1 and 2 (direct emissions) to Scope 3 emissions (indirect emissions due to the company activities). We have not calculated these Scope 3 emissions in complying this report.

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

NORMALISED EMISSIONS TONNES OF CO₂eq PER TONNE OF CIRCULATING COIN

For 2021-22, normalised tonnage was 0.93 CO₂ equivalent per tonne of circulating coin.

Normalised Emissions Tonnes of CO₂eq per Tonne of Circulating Coin



The increase in normalised emissions are due to lower efficiency of production brought about by lower production tonnages.

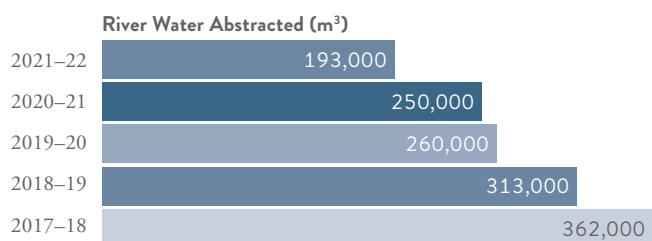
WATER MANAGEMENT

WATER CONSUMPTION

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

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

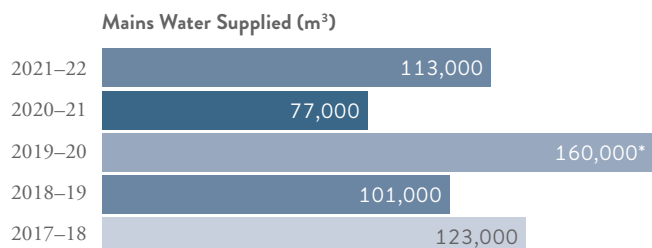
WATER ABSTRACTED (RIVER WATER)



Over the last five years, changes in processes and equipment have resulted in reduced amounts of abstracted river water being used on site.

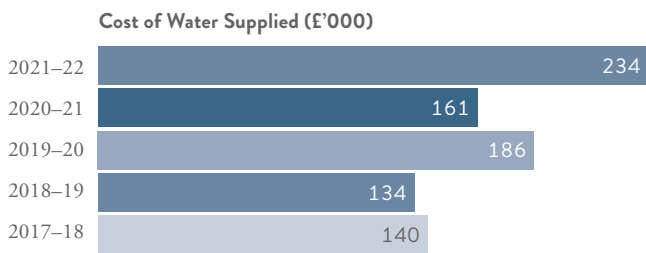
During 2021-22, 96,000 m³ of the abstracted river water was returned to the river a few hundred metres downstream from the abstraction point.

WATER SUPPLIED (MAINS WATER)

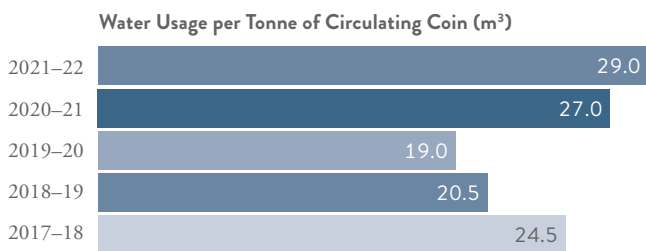


*The high mains water usage during 2019-20 was due to an on-site leak that occurred during the period October 2019 to January 2020. It is calculated that the leak resulted in approximately an additional 69,000 m³ of water distributed to site but not utilised. The leak was in part due to the ageing site infrastructure and whereas The Royal Mint endeavours to repair such leaks as quickly as possible, on this occasion there was difficulty in locating the exact source of the leak.

COST OF MAINS SUPPLIED WATER



WATER USAGE PER TONNE OF CIRCULATING COIN



WASTE

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

WASTE GENERATION AND MANAGEMENT

Year	Hazardous Waste (Tonnes)	Non-Hazardous Waste (Tonnes)	Recycled/Recovery (Tonnes)
2021-22	3,295	5,966	5,979
2020-21	3,049	6,789	7,440
2019-20	5,807	11,349	14,445
2018-19	6,082	8,797	11,990
2017-18	4,952	9,678	12,860

The waste figures are calculated from data supplied by internal weighing and information supplied by The Royal Mint's principal waste contractors as of 4 April 2022.

Of the 3,295 tonnes of hazardous waste produced 2,185 tonnes was filter cake waste produced by the on-site water treatment plant. This waste is currently being sent to landfill as there is currently no known permitted recovery site that can receive the waste. We are continuing to liaise with potential partners to identify alternate management options for this particular waste stream.

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

REPORTING AND DATA

GHG SCOPE ANALYSIS

GHG emissions have been calculated for the following Scope 1, 2 and 3 emission sources. As part of our commitment to decarbonise both within our own operations and across our supply chain, we are establishing an expanded set of GHG accounting and reporting data sets, aligned with the Greenhouse Gas Protocol. This in turn will be used to inform the development of short- and long-term science-based emissions reduction targets.

Tonnes of CO ₂ eq		2017–18	2018–19	2019–20	2020–21	2021–22
Scope 1	Natural Gas Usage (Heating and Furnaces)	4,100	3,740	3,890	3,750	3,350
	Use of Royal Mint owned vehicles	1	1	1	1	0
	Process emissions from the Furnace Stack	2	0	0	0	0
	Fugitive Emissions (e.g., air conditioning and refrigeration leaks)	16	9	10	186 ₁	0
Scope 2	Electricity Usage	6130 ₂	6090 ₂	6230 ₂	6050 ₂	5540
Scope 3	Business Travel	740	402	280	32	803
	Water Supply	18 ₃	15 ₃	24 ₃	12 ₃	17
	Water Treatment (off site)	72	70	69	46	45
	Waste disposal	228	142	252	149	135

- The fugitive emissions from air conditioning and refrigeration leaks figure have been calculated from losses/removal identified during the six-month routine maintenance inspections multiplied by the global warming potential of the gas replaced. The 2020–2021 figure is the result of leaks totalling 92kg of refrigerant gas from two pieces of equipment on site.
- 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.
- In the UK Government Conversion Factors 2021 Condensed Set for Most Users 2021, the water supply and water treatment factors are now calculated based on the 2020 data from the UK water companies Carbon Accounting Workbooks (CAW). This is because previously the values were coming from a publication of the UK water industry from 2012 that has now been discontinued. As a result the conversion factor for water supply has changed from 0.344 kg CO₂e/cubic metre to 0.149 kg CO₂e/cubic metre.

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

In the 2019 GHG Conversion Factors, there was a 10% decrease in the UK Electricity CO₂e factor compared to the previous year. In the 2020 update, the CO₂e factor decreased (compared with 2019) again by 9%. In the 2021 update, the CO₂e factor has again decreased by 9% (in comparison to the 2020 update). The above decreases are all due to a decrease in coal use in electricity generation and an increase in renewable generation.

DATA SOURCES INCLUDING CONVERSION FACTORS

For the purpose of this reporting The Royal Mint has used the UK Government Conversion Factors 2021 Condensed Set for Most Users – revised January 2022 and this data remains valid until 31/07/2022.

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

For transport, the figures are calculated based on data from expense claims and contractor supplied information for flights and rail travel.

Financial Summary

	2021-22 £'000	2020-21 £'000	2019-20 £'000	2018-19 £'000	2017-18 £'000
UK revenue	463,676	441,222	205,003	183,024	196,592
Overseas revenue	939,824	615,739	363,628	239,008	219,280
Total revenue	1,403,500	1,056,961	568,631	422,032	415,872
Operating profit before IFRS 9-related items and exceptional items	18,283	13,177	943	2,273	6,793
IFRS 9-related items (note 5)	312	843	789	(2,397)	2,121
Exceptional items (note 5)	(426)	(788)	(251)	(2,328)	(6,292)
Operating profit/(loss)	18,169	13,232	1,481	(2,452)	2,622
Share of associate	663	593	212	88	76
Net interest charge	(645)	(918)	(1,499)	(1,125)	(556)
Profit/(loss) before tax	18,187	12,907	194	(3,489)	2,142
Taxation	(4,812)	(2,694)	(1,190)	720	(1,823)
Profit/(loss) after tax	13,375	10,213	(996)	(2,769)	319
Net assets	132,892	112,516	94,078	94,182	89,248
Operating profit before IFRS 9-related items and exceptionals/sales	1.3%	1.2%	0.2%	0.5%	1.6%
Operating profit/sales	1.3%	1.3%	0.3%	(0.5)%	0.9%

Key Ministerial Targets

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

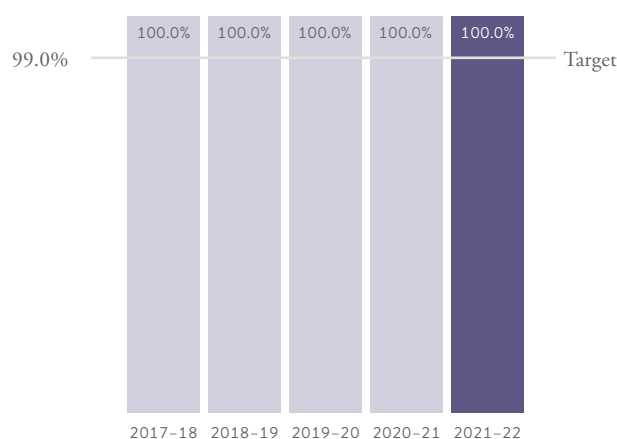
TARGET 1 Economic Value Added (EVA)

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

EVA for 2021–22 was £16.2 million (2020–21: £10.7 million) against a target of £3.8 million.

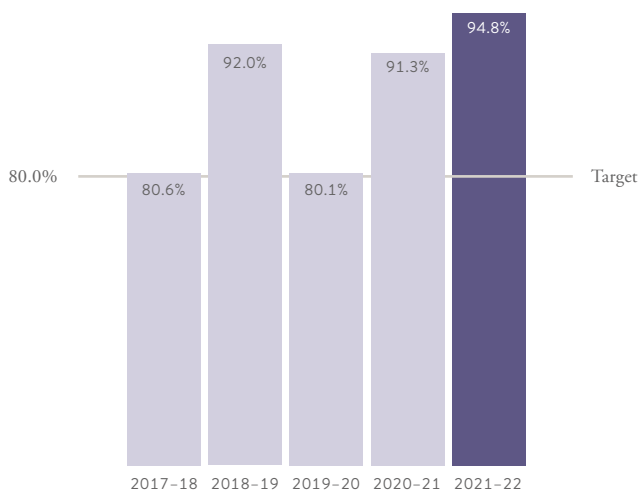
TARGET 2 UK Circulating Coin

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



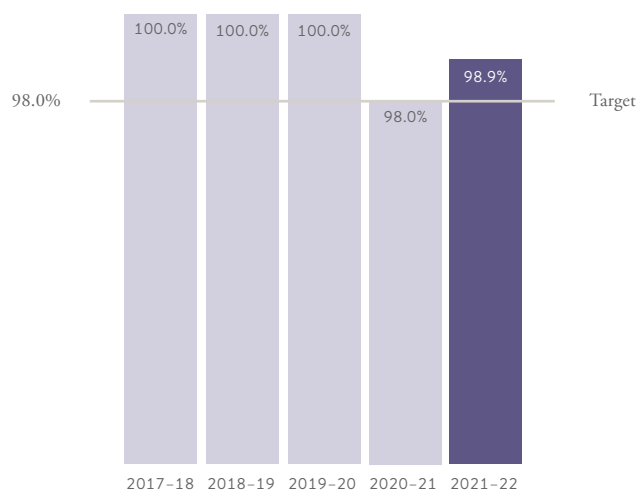
TARGET 3 UK Consumer Coin

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



TARGET 4 Medals

Orders delivered by the agreed delivery date.



The Royal Mint Advisory Committee

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

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

Five meetings were held during the year, some of which took place as online conference calls because of the travel restrictions imposed in connection with the Covid-19 pandemic, but it was possible to hold the September, December and March meetings in person. In addition, there were four meetings of the Sub-Committee on the selection of themes for new United Kingdom coins, split evenly between an online format and face-to-face meetings. A new scheduling system was introduced that will entail a shift to holding six meetings of the main design Committee a year. Levelling out the flow of work will flatten peaks in the workload of design and production departments at The Royal Mint as well as benefiting the Committee. Over the course of the reporting year the Committee examined designs for over 25 themes, some of which required the selection of more than one design.

COMMEMORATIVE COINS

The Committee typically examines designs about a year to 18 months in advance of their being issued, which means, necessarily, a number of projects that came before the Committee during the reporting year, 2021–22, relate to coins that will be released in 2023 and sometimes later. The following report provides a flavour of the range of themes that have been considered and some of the design challenges with which members grapple in making recommendations to Government departments.

A recurring question for the Committee is whether, when honouring the life and achievements of an individual, designs should focus on an image of the person in question or instead seek to convey the meaning of the coin through other imagery or lettering. When the subject of commemorating Mahatma Gandhi was put forward the Committee was acutely aware of the global recognition attached to his image and designers were not dissuaded from adopting this approach. In attempting to encapsulate the magnitude of his achievements, and the legacy he left, it was judged in this instance, however, that a lotus flower, the national floral emblem of India, would be a more timeless symbol, surrounded by one of Gandhi's most well-known quotations, 'My life is my message'. The publicity surrounding the launch of the coin involved the Chancellor of

the Exchequer, Rishi Sunak, who is also *ex officio* Master of The Royal Mint; one of several instances in which he took a keen interest in the nation's coinage.

Designs for the 50th anniversary of Pride UK were reviewed by the Committee at its meeting in June 2021. Artists from the LGBTQ+ community were invited to submit designs and the one selected, particularly in its pad-printed form showing an overlapping pattern of rainbows, conveyed what was thought to be an uplifting message through an attractively framed composition. The United Kingdom coinage has sought in recent years to highlight aspects of Britain's social history and, increasingly, engaging with representatives of relevant communities has helped the Committee to select designs generated from perspectives of understanding and respect.

The desirability to reflect on the coinage the diversity of what Britain has been and what it currently is has also been achieved by making use of the Britannia series. That there was scope within the identity of Britannia as a symbol of Britain to put forward new interpretations has been established for some time but this year the idea was given an original dimension by placing three images of Britannia in a single design, conveying distinct stages of womanhood. For the Committee, the requirement was to ensure each portrait, from young to older, was handled with dignity and the profile format provided a way of achieving precisely this outcome.

Inspired by a much more traditional aspect of British culture, working in partnership with Historic Royal Palaces, the Committee examined designs on the theme of Royal Tudor Beasts. Heraldry has been part of the language of the British coinage for hundreds of years and for this series a point of reference was selected in the form of the group of ten carved stone heraldic beasts that line the Moat Bridge at Hampton Court Palace. They have been adapted into coinage designs by David Lawrence, whose skill as an illustrator has, in the last five years or so, translated extremely well, making him one of the most prolific and versatile artists currently working with the Committee.

When the idea of honouring some of the great cities of the world was put forward as a potential theme for a series of United Kingdom coins, there immediately arose questions involving what period of time to choose to depict the cities and what source of reference imagery might best be used. Answers to these questions were ultimately resolved in favour of a historical view and employing, as far as possible, contemporary engravings. The challenge, though, for the designers and for members of the Committee, was to ensure the original engraved image would translate sufficiently clearly to the surface of a coin. London was selected as the first in the series and, after a number of revisions, an attractive balance was achieved between the rich detail of a densely built cityscape and a readable coin design.

OFFICIAL MEDALS

The remit of the Committee includes making recommendations to a range of Government departments on the design of official medals and seals. No new medal projects came before the Committee during the year, but it was necessary for revision work to be completed on the new Border Force and Immigration Enforcement Service Medal.

SUB-COMMITTEE ON THE SELECTION OF THEMES

The Sub-Committee examines proposals for the programme of commemorative and circulating coins to be issued in forthcoming years, making recommendations through the main Committee to the Chancellor of the Exchequer. During the year there were four meetings of the Sub-Committee, the focus of attention being the programme for 2022 through to 2024. An important consideration for the Sub-Committee in selecting themes is that, where possible, they reflect the four constituent parts of the United Kingdom.

MEMBERSHIP

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

Baroness Gisela Stuart took over as Chair of the Committee from Lord Waldegrave of North Hill in March 2021 and she has since presided over the Committee's complex and sensitive deliberations, combining a collegiate spirit with clear leadership when required.

The year witnessed several changes of membership. Having served for an initial term of five years, Dr Nicholas Cullinan stepped down from the Committee to concentrate on the demanding programme of rebuilding and development at the National Portrait Gallery. We had to say farewell to Edmund de Waal just before the end of the reporting year, who had served as an influential member for ten years. We are in the process of finding replacements for both. Sir Thomas Woodcock retired as Garter Principal King of Arms during the summer of 2021 and the Committee is honoured to have as his replacement his successor as Garter, Mr David White. After several years Professor Nicholas Mayhew stood down as Numismatic Consultant to the Committee and his role has been filled by the respected numismatist Dr Shailendra Bhandare of the Ashmolean Museum, Oxford.

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

Membership of the Committee, and supporting advisors, at 31 March 2022

(with dates of appointment and reappointment)

Baroness Gisela Stuart

CHAIR
(March 2021)

Professor Phil Baines

LETTERING AND GRAPHIC DESIGNER
(May 2016, reappointed March 2021)

Mrs Blondel Cluff CBE

CHAIR, NATIONAL LOTTERY COMMUNITY FUND
(March 2014, reappointed March 2019)

The Rt Hon Lord Parker of Minsmere GCVO KCB

LORD CHAMBERLAIN
(April 2021)

Mr Hughie O'Donoghue RA

PAINTER
(January 2015, reappointed March 2021)

Professor Jane Ridley

HISTORIAN
(January 2015, reappointed March 2021)

Lieutenant Colonel Mike Vernon

COMPTROLLER OF THE LORD CHAMBERLAIN'S DEPARTMENT
(September 2014) Usually deputises for Lord Parker

Mr David White

GARTER PRINCIPAL KING OF ARMS
(July 2021)

Dr Shailendra Bhandare

NUMISMATIC CONSULTANT TO THE COMMITTEE
(September 2021)

Mrs Anne Jessopp

CHIEF EXECUTIVE OFFICER OF THE ROYAL MINT LIMITED

Ms Nicola Howell

CHIEF COMMERCIAL OFFICER OF THE ROYAL MINT LIMITED

Ms Caroline Webb

CHIEF MARKETING OFFICER OF THE ROYAL MINT LIMITED

Dr Kevin Clancy

SECRETARY TO THE COMMITTEE

Mr Lee Jones

TECHNICAL ADVISER TO THE COMMITTEE

Accountability Report

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

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

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

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

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

Corporate Governance Report

GOVERNANCE FRAMEWORK

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

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

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

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

CORPORATE GOVERNANCE COMPLIANCE

The Royal Mint Limited's Board of Directors supports high standards of governance and, in so far as is practical given its size and status, has, together with HM Treasury and UKGI, continued to develop the governance of the business in accordance with the UK Corporate Governance Code where appropriate.

The Royal Mint Limited complied with the Corporate Governance in Central Government Departments, Code of Good Practice in so far as it is relevant. In particular, The Royal Mint Limited has maintained an appropriate Board composition, in line with statutory obligations.

THE BOARD AND ITS COMMITTEES

During the year, the Board of Directors comprised the Chairman, seven Non-Executive Directors and four Executive Directors (the Chief Executive, Chief Financial Officer, Director of Currency and Chief Commercial Officer). The Board met eleven times in 2021–22 (2020–21: ten times).

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

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Anne Jessopp	11	n/a	n/a	n/a
Andrew Mills	11	n/a	n/a	n/a
Nicola Howell	11	n/a	n/a	n/a
Huw Lewis	11	n/a	n/a	n/a
Graham Love	11	n/a	5	3
William Spencer	11	3	5	3
Xenia Carr-Griffiths	11	3	5	3
Michael Clayforth-Carr	10	3	4	3
Cheryl Toner	11	3	5	3
Jamie Carter	4	1	2	2
Shimi Shah	10	3	5	3
Andrew Butterworth	7	2	3	1
Kate Barnett	2	1	2	1
Number of meetings	11	3	5	3

All non-executive directors are considered independent upon appointment, with the exception of Jamie Carter and his successor Andrew Butterworth, who have a seat on the Board as a representative of the Royal Mint Trading Fund and HM Treasury as shareholder. Jamie, and subsequently Andrew, are members of the Audit Committee, Remuneration Committee and Nominations Committee.

Jamie Carter resigned as a Non-Executive Director on 26 July 2021 and Andrew Butterworth was appointed on the same date.

Michael Clayforth-Carr resigned as a Non-Executive Director on 28 February 2022 and Kate Barnett was appointed on the same date.

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 ongoing process to identify and appropriately manage strategic and significant operational risks;
- regularly review objectives and management performance against annual plan and associated business KPIs;
- ensure the Group operates with appropriate values and standards and ensure that its obligations to its shareholders and others are understood and met;
- review, approve or propose strategic investment in line with investment authority limits as agreed with the shareholder;
- ensure that the Group operates at all times within applicable laws and regulations and within an appropriate procedural framework; and
- ensure that the Board fulfils its duties in the Memorandum and Articles of Association of The Royal Mint, 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 that also ensures the Board receives formal papers, *inter alia*, on the Annual Budget and Annual Report. All Directors have access to independent professional advice, at The Royal Mint Limited's expense, if required.

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

The Board reviews its effectiveness in a number of ways, including commissioning external reviews and conducting internally facilitated reviews

in line with good corporate practice. During the year, an external review of the Board was performed by Independent Audit Limited (IAL), which reviewed all aspects of the Board's effectiveness, including board composition and dynamics, governance, risk, people, culture and focus.

As part of this review, IAL conducted interviews with all Board members and some members of the senior management team. IAL also observed a set of Board and committee meetings and reviewed a year's worth of Board papers. IAL found that the Board has many positive attributes in place, including a great sense of ambition and clarity of vision and objectives. This should provide a strong foundation for its further development. It reported that the Board had a good level of trust with the Executive team, which was fostered by committed and supportive Non-Executive Directors who have a wide range of skills and experience.

Based on IAL's recommendations, the Board developed an action plan to further enhance its effectiveness. The key actions include: improving Board oversight of the key strategic issues and developing a set of strategic KPIs and measures to ensure the Board has oversight of key strategic issues in delivering the new five-year strategy. IAL also believed that it would be beneficial for the duration and frequency of the Audit Committee meetings to be extended, to which the Board agreed. Many of the actions have already been implemented, but the Board agreed to review and refresh the action plan in October 2022.

AUDIT COMMITTEE OF THE ROYAL MINT LIMITED

The Audit Committee comprises of no fewer than three independent Non-Executive Directors. The Committee invites the Chairman, Chief Executive, Chief Financial Officer and senior representatives of both the internal and external auditors to attend meetings. Jamie Carter and Andrew Butterworth are 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 and 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 comprises of no fewer than three Non-Executive Directors and meets at least twice a year. Remuneration decisions are guided by a Directors' Remuneration Framework, which was agreed with HM Treasury at the time of The Royal Mint'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 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 38.

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 that the diverse nature of the Board members brings and is supportive of the principle of boardroom diversity, of which gender is an important, but not the only, aspect. It is considered that the ratio of men:women should be at most 75:25 and our Board exceeds this during the year at 55:45 (45:55 from February 2022).

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

EXECUTIVE MANAGEMENT TEAM 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 don't require Board approval (significant expenditure over £0.5 million 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 to 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 2021–22 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, fundraising, 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 Group's risk management process is undertaken by the Executive Management Team. It focuses on the identification and management of the key risks which could impact on the achievement of The Royal Mint Group's policies, aims and strategic objectives. The Executive Management Team is also responsible for overseeing the effective establishment and maintenance in operation of a management framework within which risk is evaluated and managed, which is performed on a monthly basis as part of their review mechanism.

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

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

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

The Royal Mint's risk priorities in 2021–22 are detailed on page 12.

INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of The Royal Mint'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 2021–22 this function was undertaken by KPMG LLP. Its annual audit plan and the results of its audit, including recommendations for improvement, are reported to the Chief Financial Officer and presented to the Audit Committee. It also provides an independent opinion on the adequacy of The Royal Mint's system of internal control. On the basis of evidence obtained during 2021–22, 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 2021–22 (a moderate opinion was also provided in 2020–21).

The Royal Mint Trading Fund is also audited by the Government Internal Audit Agency (GIAA), an executive agency of HM Treasury. The team operates to agreed Public Sector Internal Audit Standards and complies with procedures and standards set by the GIAA. The internal audit reports provide an independent and objective opinion on the process underpinning the preparation of and provision of assurance over the 2021–22 consolidated annual accounts. On the basis of evidence obtained during 2021–22, a substantial level of assurance was provided to the Accounting Officer. Where applicable, the internal audit report includes recommendations agreed with management for improvement to address identified areas of risk or control enhancement.

THE ROYAL MINT MUSEUM

The Museum is governed by a Board of Trustees that met four times during 2021–22 (2020–21: 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.

ARM'S-LENGTH BODIES

The Royal Mint Advisory Committee is an associated arm's-length body. The Committee's activities in the year are summarised on page 32.

LOSSES AND SPECIAL PAYMENTS (AUDITED)

Realised foreign exchange losses of £nil were incurred during the year that require disclosure in accordance with Managing Public Money (2020–21: £551,000 losses). 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 for The Royal Mint Limited and the Chair of the Trustees of The Royal Mint Museum confirming both The Royal Mint Limited and The Royal Mint Museum have effective governance, risk management and assurance arrangements in place as described in this statement.

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

Tim Jarvis
ACCOUNTING OFFICER

6 October 2022

Remuneration and Staff Report

INTRODUCTION

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

Remuneration Committee of The Royal Mint Limited

REMUNERATION COMMITTEE

The Committee's primary role is to determine, within the bounds of the Directors' Remuneration Framework agreed with the shareholder, the remuneration and performance-related incentive schemes of the Executive Management Team, subject to the consent of UKGI and HM Treasury Ministers, if required. The Secretary to the Committee is the 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 at 31 March 2022 was made up of eight roles: Chief Executive, Chief Commercial Officer, Director of Currency, Director of Operations, Chief Financial Officer, Director of HR and SHE, Chief Marketing Officer 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 2021–22. 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 2021–22 (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 2021–22 will be paid in 2022–23.

LONG-TERM INCENTIVE PLAN (LTIP)

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

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

There were three LTIP schemes operating during 2021–22. One started in 2019–20 and concluded in 2021–22 and amounts earned will be paid in 2022–23, the other started in 2020–21 and amounts earned will be paid in 2023–24. The third started in 2021–22 and amounts earned will be paid in 2024–25.

III. PENSION SCHEME

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

All members of the Executive Management Team, who joined prior to 1 January 2010, were members of Prudential Platinum Pension - The Royal Mint Limited Scheme, a defined benefit pension scheme.

The Prudential Platinum scheme was closed for additional contributions on 31 March 2015 and all members of the Executive Management Team who were members of the Prudential Platinum scheme at 31 March 2015 decided to accept a Cash Equivalent Transfer Value (CETV) into their private personal schemes. From 1 April 2015 all Executive Management Team members who joined prior to 1 January 2010 have accrued benefits into the Civil Service Pension Scheme.

IV. DISCRETIONARY BENEFITS ALLOWANCE

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

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

The 2021–22 targets set by the remuneration committee in April 2021 were exceeded, resulting in the STIP and LTIP bonuses being accrued as set out in the following table.

In addition, this over performance triggered a bonus for all employees in recognition of their personal contribution to our success, amounting to £4,100,000 being paid in profit share to the employees.

V. COMPENSATION FOR LOSS OF OFFICE

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

REMUNERATION AND INCENTIVE PLANS (AUDITED)

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

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	221	113	32	32	44
Nicola Howell	223	131	39	37	16
Sean Millard	147	109	31	-	7
Huw Lewis	94	70	20	-	4
Jonathan McGregor	120	107	-	-	13

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

Sean Millard, Huw Lewis and Caroline Webb were appointed in May 2020, September 2020 and June 2021 respectively.

Martin McDade and Jonathan McGregor resigned in September 2020 and January 2021 respectively.

Caroline Webb was appointed as Chief Marketing Officer in June 2021 and therefore her remuneration is only shown from that date. The total full year equivalent was £177,000.

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, Sean Millard and Caroline Webb are members of The Royal Mint Personal Pension Plan, a defined contribution scheme. Jonathan McGregor was also a member of the defined contribution scheme until his resignation.

PAY MULTIPLES (AUDITED)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the remuneration of the employees at the 25th, 50th and 75th percentile of the organisation's workforce. The 50th percentile is also known as the median, the midpoint of our range of salaries. For the purpose of this disclosure, the remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include pension contributions or the cash-equivalent transfer value of pensions. To keep comparisons consistent, it also does not include compensation for loss of office or any one-off or special additional payments. Using this basis, in 2021–22 the remuneration of the highest-paid director of The Royal Mint was £363,000 (2020–21: £370,000).

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

Year	25th percentile pay ratio	Median (50th percentile pay ratio)	75th percentile pay ratio
2021–22	10.6	9.0	7.7
2020–21	11.1	9.2	7.8

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

Year	25th percentile pay ratio		Median (50th percentile pay ratio)		75th percentile pay ratio	
	Total pay & benefits	Salary component of pay & benefits	Total pay & benefits	Salary component of pay & benefits	Total pay & benefits	Salary component of pay & benefits
2021–22	£34,207	£28,608	£40,203	£37,796	£47,291	£45,060
2020–21	£33,354	£29,703	£40,263	£36,810	£47,234	£43,502

Average % change in the remuneration of the workforce as a whole from 2020–21 to 2021–22 (excluding highest-paid director)		Percentage change in the remuneration of the highest-paid director from 2020–21 to 2021–22	
Salary & Allowances	Performance pay & bonuses	Salary & Allowances	Performance pay & bonuses
0.8%	38%	0%	(4.3)%

The changes in the pay ratios compared to the previous year's pay ratios are consistent with our expectations. The Chief Executive was the highest-paid director in 2021–22, and did not receive a salary increase during the year. The 'performance pay and bonuses' for the workforce reflects the increased amount of profit share accrued which is calculated based on the amount of company over-performance against budget.

PENSION BENEFITS ACCRUED (AUDITED)

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

	Accrued pension at pension age as at 31 March 2022 £'000	Real increase in pension and related lump sum at pension age £'000	Cash Equivalent Transfer Value at 31 March 2022 £'000	Cash Equivalent Transfer Value at 31 March 2021 £'000	Real increase in Cash Equivalent Transfer Value £'000
Anne Jessopp	30–35	5–7.5	519	432	55
Andrew Mills	30–35	2.5–5	619	554	38
Leighton John	15–20 plus lump sum of 0-5	2.5–5 plus lump sum of 0	210	174	23
Sarah Bradley	15–20	2.5–5	228	186	27

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 are appointed by The Royal Mint 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.

	2021-22 £'000	2020-21 £'000
Graham Love	47	47
David Morgan	-	12
Xenia Carr-Griffiths	23	23
Michael Clayforth-Carr	18	20
Cheryl Toner	20	20
William Spencer	25	23
Shimi Shah	20	2
Kate Barnett	3	-

William Spencer, Shimi Shah and Kate Barnett were appointed on 18 May 2020, 22 March 2021 and 28 February 2022 respectively. The total full year equivalent for Kate Barnett was £20,000.

David Morgan and Michael Clayforth-Carr resigned on 21 September 2020 and 28 February 2022 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 national insurance) in 2021-22 was £4,000 (2020-21: £nil).

Jamie Carter and Andrew Butterworth received no fees or expenses from The Royal Mint Limited, as they were employed by UKGI on behalf of HM Treasury.

Staff costs (audited)

TOTAL GROUP STAFF COSTS	2021-22		2020-21	
	£'000	£'000	£'000	£'000
Wages and salaries				
Staff with a permanent contract	36,864		35,767	
Other staff	658		777	
		37,522		36,544
Social security costs				
Staff with a permanent contract	3,263		3,251	
Other staff	65		79	
		3,328		3,330
Pension costs				
Defined benefit:				
Staff with a permanent contract	2,130		1,807	
Defined contribution:				
Staff with a permanent contract	2,749		3,072	
Other staff	48		56	
		4,927		4,935
		45,777		44,809

Staff consultancy expenditure of £59,000 was also incurred during the year (2020-21: £36,000).

AVERAGE NUMBER EMPLOYED

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

	2021-22		2020-21	
	Number	Number	Number	Number
Production				
Staff with a permanent contract	457		468	
Other staff	-		4	
		457		472
Sales and Marketing				
Staff with a permanent contract	190		175	
Other staff	4		6	
		194		181
Administration				
Staff with a permanent contract	139		138	
Other staff	5		1	
		144		139
		795		792

DIRECTORS' EMOLUMENTS

	2021-22	2020-21
	£'000	£'000
Aggregate emoluments excluding long-term incentive scheme	965	947
Aggregate amounts receivable under long-term incentive scheme	165	158
Contributions under defined contribution pension scheme	24	20
Highest-paid director		
Total amounts of emoluments and amounts receivable under a long-term incentive scheme	363	370
Accrued defined benefit pension at year-end	36	30
Accrued lump sum pension at year-end	519	432

Retirement benefits accrued to two executive directors under a defined benefit scheme during the year (2020-21: three).

STAFF COMPOSITION

The number of people employed at 31 March 2022 was 825 (2021: 780). Of these employees, 576 were male and 249 were female (2021: 559 male, 221 female). The Royal Mint Museum Group itself has no employees (2021: nil). The Board of Directors of The Royal Mint Limited at 31 March 2022 comprised five male directors and six female (2021: six male, five female). The Trustees and Directors of The Royal Mint Museum at 31 March 2022 comprised of four male directors and three female (2021: three male, three female).

STAFF POLICIES

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

DIVERSITY

Equality, diversity and inclusion (ED&I) is greatly important to The Royal Mint and we are committed to being a diverse and inclusive organisation. As part of this commitment, Shimi Shah, who joined as Non-Executive Director at the end of the last financial year, is advising the business on diversity.

During the year, we have put significant effort into engaging with leaders and employees across our organisation to explore various issues around ED&I. We have facilitated mandatory education sessions and best practice workshops across the organisation in order to ensure our leaders and employees are equipped to deal with the increasingly complex demands in this area. We have also supported an extremely active ED&I employee group that meets regularly to discuss issues that arise and drive change across the organisation.

As well as a fair and transparent recruitment process, access to training and development opportunities for all, family-friendly policies and membership of Inclusive Employers, we have taken opportunities throughout the year to highlight and celebrate diversity both internally and externally. During 2021–22, this included celebrating the work of Rosalind Franklin and Mary Anning, and the introduction of a Diwali gold collection developed in collaboration with the Cardiff Hindu community.

SICKNESS ABSENCE

We resumed our formal reporting of sickness absence for the year, following the suspension of reporting during the coronavirus pandemic. The annual sickness absence rate for 2021–22 was 3.8%.

STAFF TURNOVER

Staff turnover percentage during the year was 13% (2021: 12%).

Tim Jarvis

ACCOUNTING OFFICER

6 October 2022

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

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Royal Mint Trading Fund and its Group for the year ended 31 March 2022 under the Government Trading Funds Act 1973.

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

- Statement of Financial Position as at 31 March 2022;
- Consolidated Income Statement, Statements of Comprehensive Income, Statements of Cash Flows and Statements of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Royal Mint Trading Fund and its Group's affairs as at 31 March 2022 and its profit for the year then ended; and
- have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

OPINION ON REGULARITY

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

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements 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 and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The other information comprises information included in the Annual Report but does not include the financial statements nor my auditor's certificate. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973.

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

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

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Royal Mint Trading Fund and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

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

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- 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; and
- assessing the Royal Mint Trading Fund and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer 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.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING NON-COMPLIANCE WITH LAWS AND REGULATIONS INCLUDING FRAUD

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

IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO NON-COMPLIANCE WITH LAWS AND REGULATIONS, INCLUDING FRAUD

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

- the nature of the sector, control environment and operational performance including the design of the Royal Mint Trading Fund and its Group's accounting policies, key performance indicators and performance incentives.
- 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 and its Group'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 Royal Mint Trading Fund and its Group's controls relating to the Royal Mint Trading Fund's compliance with the Government Trading Funds Act 1973 and Managing Public Money;
 - discussing among the engagement team including significant component audit teams regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Royal Mint Trading Fund and its Group for fraud

and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

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

AUDIT RESPONSE TO IDENTIFIED RISK

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and internal audit reports;
- issuing component auditor instructions to the external auditor of the Royal Mint Limited, reviewing the component auditor return and the component auditor's work over revenue recognition; 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 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.

OTHER AUDITOR'S RESPONSIBILITIES

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

10 October 2022

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

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2022

		Before IFRS 9 related items and other exceptionals (note 5)	IFRS 9 related items (note 5)	Other exceptionals (note 5)	Total	Before IFRS 9 related items and other exceptionals (note 5)	IFRS 9 related items (note 5)	Other exceptionals (note 5)	Total
	Notes	2021-22 £'000	2021-22 £'000	2021-22 £'000	2021-22 £'000	2020-21 £'000	2020-21 £'000	2020-21 £'000	2020-21 £'000
Revenue	2	1,403,500	-	-	1,403,500	1,056,961	-	-	1,056,961
Cost of sales		(1,332,096)	(789)	-	(1,332,885)	(991,111)	(1,656)	-	(992,767)
Gross profit/(loss)		71,404	(789)	-	70,615	65,850	(1,656)	-	64,194
Administrative expenses		(22,394)	-	(426)	(22,820)	(22,201)	-	(788)	(22,989)
Selling and distribution costs		(30,674)	-	-	(30,674)	(28,794)	-	-	(28,794)
Other (losses)/gains – net	22	(53)	1,101	-	1,048	(1,678)	2,499	-	821
Operating profit/(loss)	3	18,283	312	(426)	18,169	13,177	843	(788)	13,232
Finance costs	6	(645)	-	-	(645)	(918)	-	-	(918)
Share of profit of associate accounted for using the equity method	24	663	-	-	663	593	-	-	593
Profit/(loss) before tax		18,301	312	(426)	18,187	12,852	843	(788)	12,907
Taxation	7				(4,812)				(2,694)
Profit for the financial year					13,375				10,213
Profit attributable to: Owners of the parent					13,375				10,213

The notes on pages 56 to 85 form part of the Accounts.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2021-22 £'000	2020-21 £'000
Profit for the financial year		13,375	10,213
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss			
Loss on cash flow hedges		756	(65)
Hedging gain/(loss) reclassified to profit or loss		(77)	798
Items that will not be reclassified to profit or loss			
Remeasurements for defined benefit scheme	17	3,481	(2,101)
Deferred tax on remeasurements for defined benefit scheme	16	(870)	399
Revaluation		7,728	9,052
Other comprehensive income for the period, net of tax		11,018	8,083
Total comprehensive income for the year		24,393	18,296
Total comprehensive income attributable to:			
HM Treasury		24,393	18,296

Royal Mint Trading Fund

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2022

	2021-22 £'000	2020-21 £'000
Profit for the financial year	-	-
Other comprehensive income	-	-
Total comprehensive income for the year	-	-
Total comprehensive income attributable to:		
HM Treasury	-	-

The notes on pages 56 to 85 form part of the Accounts.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2022

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

	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

The notes on pages 56 to 85 form part of the Accounts.

Royal Mint Trading Fund Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2022

	Public Dividend Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 April 2021	5,500	53,819	59,319
Movements in the year:			
Profit for the financial year	-	-	-
Total Comprehensive Income for the year	-	-	-
At 31 March 2022	5,500	53,819	59,319

	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

The notes on pages 56 to 85 form part of the Accounts.

Consolidated Statement of Financial Position

AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	73,123	68,282
Heritage assets	9	50,074	45,687
Intangible assets	10	11,366	12,703
Deferred tax asset	16	292	577
Investment in associate	24	2,482	1,919
Retirement benefit surplus	17	1,596	-
TOTAL NON-CURRENT ASSETS		138,933	129,168
CURRENT ASSETS			
Inventories	11	71,775	59,495
Derivative financial instruments	23	1,708	1,160
Trade and other receivables	12	30,177	31,218
Cash and cash equivalents	21	11,939	8,973
TOTAL CURRENT ASSETS		115,599	100,846
CURRENT LIABILITIES			
Current tax liability	7	(2,053)	(366)
Borrowings	13	(19,604)	(612)
Trade and other payables	14	(89,721)	(83,119)
Derivative financial instruments	23	(469)	(241)
TOTAL CURRENT LIABILITIES		(111,847)	(84,338)
NET CURRENT ASSETS		3,752	16,508
NON-CURRENT LIABILITIES			
Borrowings	13	(1,372)	(24,766)
Accruals and deferred income	14	(1,265)	(1,418)
Retirement benefit liability	17	-	(1,940)
Deferred tax liability	16	(6,619)	(4,409)
Provision for liabilities and charges	15	(537)	(627)
NET ASSETS		132,892	112,516
EQUITY			
Public dividend capital		5,500	5,500
Revaluation reserve		11,265	7,537
Retained earnings		66,895	54,639
Hedging reserve		486	94
Heritage Assets reserve		48,746	44,746
TOTAL EQUITY		132,892	112,516

The notes on pages 56 to 85 form part of the Accounts.

Tim Jarvis

ACCOUNTING OFFICER

6 October 2022

Royal Mint Trading Fund

Statement of Financial Position

AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
NON-CURRENT ASSETS			
Investments	24	59,319	59,319
TOTAL NON-CURRENT ASSETS		59,319	59,319
CURRENT ASSETS			
Loan to group undertaking	12	19,000	23,000
TOTAL CURRENT ASSETS		19,000	23,000
CURRENT LIABILITIES			
Loan from National Loans Fund	13	(19,000)	(23,000)
TOTAL CURRENT LIABILITIES		(19,000)	(23,000)
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 56 to 85 form part of the Accounts.

Tim Jarvis

ACCOUNTING OFFICER

6 October 2022

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2021-22 £'000	2020-21 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		18,187	12,907
Depreciation and amortisation on non-current assets	3a	9,050	8,682
Loss on disposal of assets		-	588
Interest charge	6	645	918
Cash flow hedges		72	(885)
Share of associate	24	(663)	(593)
Changes in operating assets and liabilities:			
Difference between pension charge and cash contribution	17	(93)	(1,706)
Inventory	11	(12,280)	10,999
Trade and other receivables		1,041	(8,899)
Trade and other payables		5,770	(15,435)
Provisions	15	(90)	182
Cash generated from operations		21,639	6,758
Tax (paid)/received		(1,500)	1,615
Interest paid		(86)	(771)
Net cash generated from operating activities		20,053	7,602
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	8	(7,131)	(6,661)
Acquisition of intangible assets	10	(1,321)	(1,043)
Acquisition of heritage assets	9	(387)	(406)
Net cash used in investing activities		(8,839)	(8,110)
CASH FLOW FROM FINANCING ACTIVITIES			
Net dividends (paid)/received		(3,630)	50
Principal lease payments	21	(737)	(650)
Movement in borrowings	13	(4,117)	(13,123)
Net cash used in financing activities		(8,484)	(13,723)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at start of year	21	8,973	23,391
Effects of exchange rate changes on cash and cash equivalents	21	236	(187)
Cash and cash equivalents at end of year	21	11,939	8,973

The notes on pages 56 to 85 form part of the Accounts.

Royal Mint Trading Fund Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2021-22 £'000	2020-21 £'000
CASH FLOW FROM INVESTING ACTIVITIES			
Dividends received from The Royal Mint Limited		3,730	-
Movement in loans		(4,000)	13,000
Net cash generated from investing activities		(270)	13,000
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(3,730)	-
Movement in loans		4,000	(13,000)
Net cash used in financing activities		270	(13,000)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year	21	-	-

The notes on pages 56 to 85 form part of the Accounts.

Notes to the Accounts

NOTE 1 PRINCIPAL ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the 2021–22 Government Financial Reporting Manual (FRoM). The accounts have been prepared under a direction issued by HM Treasury under Government Trading Funds Act 1973. The accounting policies contained in the FRoM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRoM 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 2021 that had a material impact on the Group or Trading Fund.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2021 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements or the Trading Fund.

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

1.3 SEGMENTAL REPORTING

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

1.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in sterling, which is the Group's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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'.

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

NOTE 1 CONTINUED

Depreciation is calculated on a straight-line basis so as to charge the depreciable amount of the respective asset to income over its expected useful life. The useful lives of assets are as follows:

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

No depreciation is provided in respect of land.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within other gains/(losses) – net in the Income Statement.

HERITAGE ASSETS

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historic associations.

The Group has introduced a programme of valuation as follows:

Assets donated to The Royal Mint Museum on vesting

An update to previous valuations was performed at 31 March 2022 with an increase in value resulting in an increase in the heritage assets reserve.

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

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

Assets acquired since vesting

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

1.6 INTANGIBLE ASSETS

Intangible Assets

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits;
- the existence of a market or, if it is to be used internally, the usefulness of the intangible asset;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during development.

Goodwill on associate

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

Licences for computer software

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

Research and development costs

Research costs are expensed as incurred.

Development costs are amortised when commercial production begins over the expected useful life of the technology and prior to then are held within assets in the course of construction within intangible assets.

Software

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

Patents, trademarks and licences

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

1.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

1.8 FINANCIAL ASSETS

Financial assets are recognised when the Group becomes party to the contracts that give rise to them and are classified as financial assets at fair value through the Income Statement or loans and receivables, as appropriate. Financial assets are classified at initial recognition and, where allowed and appropriate, this designation is re-evaluated at each financial year-end. When financial assets are recognised, initially, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

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

NOTE 1 CONTINUED

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

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

1.9 IMPAIRMENT OF FINANCIAL ASSETS

An assessment is carried out at each Balance Sheet date whether a financial asset or group of financial assets is impaired.

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

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

1.10 TRADE RECEIVABLES

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

1.11 FINANCIAL LIABILITIES

(a) Interest-bearing loans and borrowings

Obligations for loans and borrowings are recognised at commencement of the related contracts and are measured initially at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost. Borrowing costs are recognised in the Income Statement in the year in which they are incurred.

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

Financial liabilities at fair value through the Consolidated Income Statement include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Derivatives, including separated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Comprehensive Income.

1.12 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to reduce exposure to risks associated with movements in foreign currency rates and metal prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of forward metal contracts is determined by reference to current forward metal contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and its effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as cash flow hedges, when hedging exposure to variability in cash flows is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Consolidated Income Statement within Other Gains and Losses. Amounts taken to equity are transferred to the Consolidated Income

NOTE 1 CONTINUED

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 and Losses.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the Consolidated Statement of Comprehensive Income in Other Gains and Losses.

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

1.13 INVENTORIES

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

1.14 CASH AND CASH EQUIVALENTS

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

1.15 TRADE PAYABLES

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

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

1.16 CURRENT AND DEFERRED TAX

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

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

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

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

1.17 EMPLOYEE BENEFITS

(a) Pension obligations

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

The (liability)/asset recognised in the Statement of Financial Position in respect of defined benefit pension plans is the fair value of plan assets less the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liabilities. A pension asset is recognised to the extent that it is recoverable.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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

NOTE 1 CONTINUED

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 Royal Mint cannot determine its share of the underlying assets and liabilities.

(b) Profit-sharing and incentive schemes

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

1.18 PROVISIONS

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

1.19 REVENUE RECOGNITION

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

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

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

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

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

are delivered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

1.20 LEASES

The Group leases equipment and vehicles. Rental contracts are typically made for fixed periods of one month to seven years but may have extension options.

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

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

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

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

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

The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group's incremental borrowing rate is the rate that

NOTE 1 CONTINUED

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

1.23 DIVIDEND DISTRIBUTION

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

1.24 INVESTMENTS

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

1.25 CONSOLIDATION ACCOUNTING POLICY

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

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

After the transfer of assets and liabilities from the Royal Mint Trading Fund to The Royal Mint Limited, the ultimate beneficial owner continues to be

HM Treasury, on behalf of HM Government. The transaction is therefore exempt from IFRS 3 (revised): Business Combinations. Predecessor accounting has been used to account for the acquisition of The Royal Mint Limited and the identified assets and liabilities recorded at book value.

1.26 GOING CONCERN

After making enquiries, including seeking assurances from the Directors of The Royal Mint Limited and the Directors of The Royal Mint Museum, 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.

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

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

(a) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The key assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Royal Mint Limited determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, The Royal Mint Limited considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Key assumptions for pension obligations are disclosed in note 17.

(b) Impairment of non-financial assets

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

When value-in-use calculations are undertaken, management estimate the expected future cash flows from the asset or income-generating unit and choose a suitable discount rate in order to calculate the net present value of those cash flows.

(c) Trade receivables

Estimates are used in determining the level of receivables that will not be collected. These estimates include factors such as historical experience, the current state of the UK and overseas economies and industry specifics. A provision for impairment of trade and other receivables is recognised based on the simplified approach using the lifetime expected credit losses. During this process the probability of non-payment is assessed. This probability is then

NOTE 1 CONTINUED

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.

A. ANALYSIS BY CLASS OF BUSINESS 2021-22

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

NOTE 2 CONTINUED

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)	12,498	11,337	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

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 £50.1 million (2021: £45.7 million).

B. GEOGRAPHICAL ANALYSIS OF REVENUE

Revenue by destination is set out below:	2021-22 £'000	2020-21 £'000
United Kingdom	463,676	441,222
Germany	185,813	108,641
Rest of Europe	138,878	80,753
United States of America	473,240	291,579
Rest of Americas	3,670	4,275
Asia	87,072	70,774
Africa	34,068	45,745
Rest of the World	17,083	13,972
	1,403,500	1,056,961

During 2021-22 revenue from one customer amounted to £161.0 million (2020-21 one customer: £226.8 million), which represented in excess of 11% of revenue.

NOTE 3A OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):	2021-22 £'000	2020-21 £'000
Depreciation and amortisation charges	9,050	8,682
Research and development	2,039	1,366
Commodity hedges(gain)/loss	(312)	843
Foreign exchange (gain)/loss	(217)	1,230
Precious metal consignment fees	3,244	2,338
Exceptional items (note 5)	426	788
Auditors' remuneration:		
Audit of these financial statements (NAO)	30	20
Audit of subsidiaries (PwC)	99	87
Non-audit fees – other	-	-
	14,359	15,354

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

The Income Statement shows the following amounts relating to leases:	2021-22 £'000	2020-21 £'000
Depreciation of right-of-use assets		
Plant and machinery	656	587
Interest expense (included in finance costs)	79	65
Expense relating to short-term leases (included in administrative expenses)	126	625
Expense relating to low value leases (included in administrative expenses)	33	8
	894	1,285

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	2021-22		2020-21	
	£'000	£'000	£'000	£'000
Wages and salaries				
Staff with a permanent contract	36,864		35,767	
Other staff	658		777	
		37,522		36,544
Social security costs				
Staff with a permanent contract	3,263		3,251	
Other staff	65		79	
		3,328		3,330
Pension costs				
Defined benefit:				
Staff with a permanent contract	2,749		3,072	
Defined contribution:				
Staff with a permanent contract	2,130		1,807	
Other staff	48		56	
		4,927		4,935
		45,777		44,809

NOTE 4 CONTINUED

AVERAGE NUMBER EMPLOYED	2021-22		2020-21	
	Number	Number	Number	Number
The monthly average number of people (including directors) employed during the year:				
Production				
Staff with a permanent contract	457		468	
Other staff	-		4	
		457		472
Sales and Marketing				
Staff with a permanent contract	190		175	
Other staff	4		6	
		194		181
Administration				
Staff with a permanent contract	139		138	
Other staff	5		1	
		144		139
		795		792

DIRECTORS' EMOLUMENTS OF THE ROYAL MINT DIRECTORS	2021-22	2020-21
The Museum Trustees and the Accounting Officer did not receive remuneration from the Group.	£'000	£'000
Aggregate emoluments excluding long-term incentive scheme	965	947
Aggregate amounts receivable under long-term incentive scheme	165	158
Contributions under defined contribution pension scheme	24	20
Highest-paid director:		
Total amounts of emoluments and amounts receivable under long-term incentive scheme	363	370
Accrued defined benefit pension at year-end	36	30
Accrued lump sum at year-end	519	432

Retirement benefits accrued to two executive directors under a defined benefit scheme during the year (2020-21: three).

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

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

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

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

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

B) OTHER EXCEPTIONAL ITEMS

	2021-22	2020-21
	£'000	£'000
Impairment	-	328
Decommissioning costs	364	-
Restructuring costs	62	460
Exceptional charge	426	788

NOTE 5 CONTINUED

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. During 2020–21, £0.3 million of indirect parts relating to the previously impaired plant and machinery were also impaired.

Decommissioning costs have been incurred following the strategic investment into a new direct brass production line.

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

NOTE 6 FINANCE COSTS

	2021–22 £'000	2020–21 £'000
Interest cost on pension plan liabilities	38	14
Interest and finance charges paid/payable for lease liabilities not at fair value through profit and loss	607	904
Total	645	918

NOTE 7 TAXATION

ANALYSIS OF TAX CHARGE IN YEAR	2021–22 £'000	2020–21 £'000
UK corporation tax		
Current year	3,304	875
Prior year	(117)	(777)
Deferred tax:		
Current year	342	1,470
Prior year	73	1,126
Effect of tax rate change on opening balance	1,210	-
Taxation charge	4,812	2,694

The tax charge for the year differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK (2021–22: 19%, 2020–21: 19%):

	2021–22 £'000	2020–21 £'000
Profit before tax	18,187	12,907
Profit before tax multiplied by the standard rate of corporation tax of 19% (2019–20: 19%)	3,456	2,452
Effects of:		
Income not taxable	(101)	(191)
Expenses not deductible for tax purposes	(48)	(112)
Temporary differences not recognised	240	196
Adjustments in respect of prior years	(44)	349
Change in tax rate	1,309	-
Taxation charge for year	4,812	2,694

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

In addition to the amount charged to the Income Statement, a deferred tax charge relating to actuarial gain on defined benefit pension schemes of £870,000 (2020–21: credit of £399,000) has been charged directly to the Consolidated Statements of Comprehensive Income.

NOTE 7 CONTINUED

CURRENT TAX LIABILITY	2022 £'000	2021 £'000
UK corporation tax	(2,053)	(366)

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

	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	-	-	6,660	1	1,606	8,267
Transfers	-	116	(3,412)	3,222	-	(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
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	1,563	68,282

NOTE 8 CONTINUED

Land and buildings are stated at either open market current use valuation or depreciated replacement cost where this is more appropriate for specialised buildings (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. An interim valuation was performed on 31 March 2022, and the valuation of land and buildings were adjusted accordingly.

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

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

The discount rate used of 8% has been determined by using a weighted average cost of capital adjusted for a risk factor. The recoverable amount is 93% 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

	2021-22 £'000	2020-21 £'000	2019-20 £'000	2018-19 £'000	2017-18 £'000
Cost					
At 1 April	45,687	38,181	37,843	26,795	26,401
Additions					
At valuation	357	378	315	277	309
At purchase cost	30	28	23	6	85
Revaluation	4,000	7,100	-	10,765	-
At 31 March	50,074	45,687	38,181	37,843	26,795
Net book value at 31 March	50,074	45,687	38,181	37,843	26,795
Net book value at 1 April	45,687	38,181	37,843	26,795	26,401

THE COLLECTION

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

The Trustees' intention is to obtain valuations for those parts of the collection that are readily accessible and for which there is an established market. They agreed a plan extending over five years that was concluded in 2015-16. Work in connection with the valuation has been carried out by the auctioneers Morton & Eden and numismatic book specialist Douglas Saville. Valuations have been sought for coins and medals, the library, seal counterparts, trial plates, drawings and artwork and plaster models. An update of the valuation was performed as at 31 March 2022 by Morton & Eden and the value of the collection increased by £4.0 million.

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

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.

NOTE 9 CONTINUED

- 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 2021	593	19,594	1,947	952	23,086
Additions	1,321	-	-	-	1,321
Transfers	(781)	781	-	-	-
Disposals	-	-	-	-	-
At 31 March 2022	1,133	20,375	1,947	952	24,407
Amortisation					
At 1 April 2021	-	8,564	867	952	10,383
Amortisation for year	-	2,463	195	-	2,658
At 31 March 2022	-	11,027	1,062	952	13,041
Net book value at 31 March 2022	1,133	9,348	885	-	11,366

Amortisation charges of £2,446,000 (2020–21: £2,221,000) and £212,000 (2020–21: £186,000) 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 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

NOTE 11 INVENTORIES

CONSOLIDATED	2022 £'000	2021 £'000
Metal inventory	50,026	39,760
Work in progress (excluding metal)	8,693	5,090
Stores and packing materials	5,978	5,425
Finished goods	7,078	9,220
	71,775	59,495

Inventories recognised as an expense in the year are recorded within cost of sales. Movement in the inventory provision during the year was an increase of £199,000 (2020–21: decrease of £1.8 million). The amount of inventories written down to net realisable value during the year was £nil (2020–21: £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 £814.9 million at 31 March 2022 (2021: £501.8 million). Consignment fees under these arrangements are recognised within cost of sales.

NOTE 12 TRADE AND OTHER RECEIVABLES

CONSOLIDATED	2022 £'000	2021 £'000
Trade receivables	28,327	29,509
Less provision for impairment of receivables	(459)	(504)
Due from affiliates	193	-
VAT recoverable	247	-
Prepayments and accrued income	1,869	2,213
	30,177	31,218

Included within the receivables are the following:	2022 £'000	2021 £'000
Central Government bodies	506	129
Other Government bodies	25	34
NHS Trusts	-	7
	531	170

The carrying value of the Group's trade and other receivables are denominated in the following currencies:	2022 £'000	2021 £'000
Pounds sterling	21,532	28,862
US Dollars	6,339	183
Euros	2,306	2,173
	30,177	31,218

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

Movement in provision for impairment in receivables:	2022 £'000	2021 £'000
At 1 April	(504)	(565)
Utilised in the year	45	61
At 31 March	(459)	(504)

NOTE 12 CONTINUED

TRADING FUND	2022 £'000	2021 £'000
Loan to group undertaking	19,000	23,000

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

NOTE 13 BORROWINGS

	Consolidated		Trading Fund	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Lease obligations less than one year	469	477	-	-
Lease obligations greater than one year	810	1,087	-	-
Loans less than one year	19,135	135	19,000	23,000
Loans greater than one year	562	23,679	-	-
	20,976	25,378	19,000	23,000

The Royal Mint Trading Fund has a revolving credit facility with the National Loans Fund of £36 million, of which £19 million was drawn down at 31 March 2022. This amount is shown as due within one year, as the facility had a maturity date of 28 February 2023, which has been extended to 30 November 2023 after the year-end. In addition, The Royal Mint Limited has a fixed-term loan of which £697,000 was outstanding at 31 March 2022 – £135,000 is due in less than one year and the remaining balance of £562,000 is due in more than one year. The Group also has an overdraft facility of £20 million.

NOTE 14 TRADE AND OTHER PAYABLES

	Consolidated	
	2022 £'000	2021 £'000
Trade payables	22,307	19,703
Other payables	7,613	27,585
VAT payable	17	892
Payments received on account	42,025	21,605
Taxation and social security	1,143	1,086
Accruals and deferred income	16,616	12,248
	89,721	83,119
Included within the payables are the following:	2022 £'000	2021 £'000
Other Central Government bodies	1,320	2,800
Public Corporations and Trading Funds	-	2
	1,320	2,802

Accruals and deferred income within non-current liabilities (2022: £1,265,000; 2021: £1,418,000) relates to a grant received from the Welsh 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 2021	627
Provided in year	402
Utilised in year	(226)
Released in year	(266)
At 31 March 2022	537

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% (2021: 19%).

	2022 £'000	2021 £'000
Liability at 1 April	3,833	1,636
Movements on deferred tax were:		
Charged to the Income Statement	1,625	2,596
Charged/(credited) to Statement of Comprehensive Income	870	(399)
Liability at 31 March	6,328	3,833

Movements in deferred tax liability were:

DEFERRED TAX (ASSETS)/LIABILITIES

	Assets £'000	Liabilities £'000	2022 Net £'000	Assets £'000	Liabilities £'000	2021 Net £'000
Accelerated tax depreciation	-	6,073	6,073	-	4,250	4,250
Derivative instruments	-	193	193	-	160	160
Retirement benefit obligation	-	354	354	(398)	-	(398)
Other	(292)	-	(292)	(179)	-	(179)
Deferred tax (asset)/liability	(292)	6,620	6,328	(577)	4,410	3,833

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

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

	2021-22 £'000	2020-21 £'000
Remeasurements on defined benefits schemes	870	(399)

NOTE 16 CONTINUED

ANALYSIS OF DEFERRED TAX (ASSET)/LIABILITY

	2022 £'000	2021 £'000
Deferred tax liability within 12 months	-	160
Deferred tax asset after 12 months	(292)	(577)
Deferred tax liability after 12 months	6,620	4,250
	6,328	3,833

The deferred tax at 31 March 2022 has been calculated based on the rate of 25% that was substantively enacted at the balance sheet date (2021: 19%). The deferred tax asset has been recognised as The Royal Mint is confident that future profits will arise against which the asset will be utilised.

NOTE 17 RETIREMENT BENEFIT SCHEMES

Defined contribution scheme

The Royal Mint Limited Group operates a defined contribution scheme for employees who have joined the organisation since 1 January 2010 via The Royal Mint Limited Personal Pension Plan (GPP). The related pension assets are held in trustee-administered funds separate from The Royal Mint Limited Group. The total cost charged to the income statement of £2,188,000 (2020–21: £1,863,000) 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. (577) As part of the vesting process employees were given the option to transfer deferred benefits from the Civil Service Pension Scheme into RMLS.
31 March 2015	RMLS was closed for additional contributions on 31 March 2015 and members were given the option to join the Principal Civil Service Pension Scheme (PCSPS) or the Civil Servant and Other Pension Scheme (CSOPS), unfunded defined benefit pension schemes, or to join GPP, a defined contribution scheme for future accrual. 21 members opted to join GPP, with the remainder opting to join PCSPS or CSOPS.
From 1 April 2015	Members of RMLS had until August 2015 to decide what to do with their deferred benefits held within RMLS from the following options: 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 RMLS operated via Prudential Platinum Pensions until 31 March 2015.

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

The PCSPS continues for those employees who were within ten years of their normal pension age on 1 April 2012 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).

NOTE 17 CONTINUED

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

Employee contributions are salary-related and range between 5.45% and 8.05% of pensionable earnings for members of Classic (and members of Alpha who were members of classic immediately before joining Alpha) and between 4.6% and 8.05% for members of Premium, Classic Plus, Nuvos and all other members of Alpha. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in Premium. In Nuvos, a member builds up a pension based on 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 2023 are £2,600,000.

Whilst the PCSPS and Alpha are defined benefit schemes, they are accounted for by The Royal Mint as defined contribution schemes as The Royal Mint cannot determine its share of the underlying assets and liabilities due to them being multi-employer unfunded defined benefit pension schemes. The total cost charged to the income statement of £2,749,000 (2020–21: £3,072,000) represents contributions payable to the scheme by The Royal Mint. As noted above RMLS was closed for additional contributions on 31 March 2015. The disclosures below relate to the residual RMLS in relation to deferred pensioners who left their benefits in the scheme and current pensioners.

Risks

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

Actuarial valuation

The residual RMLS is subject to regular actuarial valuations, which are usually carried out every three years. The last was carried out with an effective date of 31 December 2019. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures that 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 2022 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:

	2022	2021
Discount rate	2.70%	2.00%
Price inflation RPI	3.30%	2.90%
Price inflation CPI (pre 2030)	2.30%	1.90%
Price inflation CPI (post 2030)	3.10%	2.70%
Revaluation of deferred pensions: benefits accrued before 01/02/2014	3.30%	2.90%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (pre 2030)	2.30%	1.90%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (post 2030)	3.10%	2.70%
Increase to pensions in payment: benefits accrued before 01/02/2014	3.30%	2.90%
Increase to pensions in payment: benefits accrued after 01/02/2014 (pre 2030)	2.30%	1.90%
Increase to pensions in payment: benefits accrued after 01/02/2014 (post 2030)	3.10%	2.70%

NOTE 17 CONTINUED

	2022	2021
Mortality assumption – male pre- and post-retirement	SAPS S3PMA CMI 2020 1.25% long-term trend 0.2% initial addition 20% 2020 weighting	SAPS S3PMA CMI 2019 1.25% long-term trend 0.3% initial addition
Mortality assumption – female pre- and post-retirement	SAPS S3PFA CMI 2020 1.25% long-term trend 0.2% initial addition	SAPS S3PFA CMI 2019 1.25% long-term trend 0.3% initial addition
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year-end	85.9	87.2
Female aged 65 at year-end	88.8	89.5
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year-end	87.1	88.5
Female aged 45 at year-end	90.3	90.9

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:	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Fair value of plan assets	23,173	22,695	17,456	16,973	14,199
Present value of plan liabilities	(21,577)	(24,635)	(18,987)	(22,424)	(21,631)
Net defined benefit asset/(liability)	1,596	(1,940)	(1,531)	(5,451)	(7,432)
Amounts recognised in the Income Statement:			2021–22 £'000		2020–21 £'000
Service cost:					
Administration expenses			131		100
Net interest expense			38		14
Amounts charged to the Income Statement			169		114
Remeasurements of the net (asset)/liability:					
Return on scheme assets (excluding amounts included in interest expense)			(243)		(3,408)
(Gain)/loss arising from changes in financial assumptions			(2,026)		5,850
Gain arising from changes in demographic assumptions			(1,542)		(85)
Experience loss/(gain)			330		(256)
(Credit)/charge recorded in other comprehensive income			(3,481)		2,101
Total defined benefit (credit)/charge			(3,312)		2,215
Changes in the present value of assets over the year:			2022 £'000		2021 £'000
Fair value of assets at beginning of year			22,695		17,456
Movements in year:					
Return on scheme assets (excluding amounts included in interest expense)			243		3,408
Interest income			452		382
Administrative expenses paid			224		-
Employer contributions			-		1,806
Benefits paid			(310)		(257)
Administration expenses			(131)		(100)
Scheme assets at end of year			23,173		22,695

Actual return on assets over the year was £695,000 (2020–21: £3,790,000).

NOTE 17 CONTINUED

	2022 £'000	2021 £'000
Changes in the present value of liabilities over the year:		
Scheme liabilities at beginning of year	24,635	18,987
Movement in year:		
Interest cost	490	396
Remeasurement (gains)/losses:		
Actuarial losses/(gains) arising from changes in financial assumptions	(2,026)	5,850
Actuarial gains arising from changes in demographic assumptions	(1,542)	(85)
Other experience items	330	(256)
Benefits paid	(310)	(257)
Scheme liabilities at end of year	21,577	24,635

	2022 £'000	2021 £'000
The split of the scheme's liabilities by category of membership is as follows:		
Deferred pensioners	18,889	21,612
Pensions in payment	2,688	3,023
	21,577	24,635
Average duration of the scheme's liabilities at the end of the period (years)	28	31

	2022 £'000	2021 £'000
The major categories of scheme assets are as follows:		
Return seeking		
UK Equities	6,129	5,863
Overseas Equities	5,863	5,863
Diversified Growth Fund	1,156	1,079
	13,148	12,805
Debt instruments		
Corporates	4,671	5,189
Index Linked	5,354	4,701
	10,025	9,890
Total market value of assets	23,173	22,695

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

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

The Royal Mint expects to meet the cost of administrative expenses for the scheme during year ending 31 March 2023.

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate was 0.1 percent higher (lower), the scheme liabilities would decrease by £603,000 (increase by £603,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1% higher (lower), the scheme liabilities would increase by £604,000 (decrease by £584,000). 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 £971,000 (decrease by £921,000) if all the other assumptions remained unchanged.

NOTE 18 CAPITAL COMMITMENTS

	2022 £'000	2021 £'000
Commitments in respect of contracts – Tangible Assets	1,418	2,928
Commitments in respect of contracts – Intangible Assets	92	14
	1,510	2,942

NOTE 19 OPERATING LEASE COMMITMENTS

	2022 £'000	2021 £'000
Operating lease rentals due on leases expiring:		
Less than one year	109	82
Between one and five years	108	77
After five years	9	11
	226	170

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 £7,099,051 (2020–21: £7,457,934) and the amount outstanding at 31 March 2022 was £534,365 (2021: £174,605).
2. The Royal Mint Limited's sales to Sovereign Rarities Limited were £6,380,763 (2020–21: £5,218,102) and the amount outstanding at 31 March 2022 was £9,385 (2021: £767,934).

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:

	2021–22 £'000	2020–21 £'000
Salaries and other short-term employee benefits	1,582	1,569
Post-employment benefits	222	240
	1,804	1,809

NOTE 21 ANALYSIS OF NET FUNDS/(DEBT)

CONSOLIDATED	At 1 April 2021 £'000	Non cash changes £'000	Cash flow £'000	At 31 March 2022 £'000
Cash at bank and in hand	8,973	236	2,730	11,939
Obligations under lease	(1,564)	(452)	737	(1,279)
Loans	(23,814)	-	4,117	(19,697)
	(16,405)	(216)	7,584	(9,037)

NOTE 22 OTHER GAINS/(LOSSES) – NET

	2021–22 £'000	2020–21 £'000
Foreign exchange loss	217	(1,230)
Foreign exchange forward contracts gain/(loss)	(201)	1,711
Precious Metal forward contracts gain	965	406
Ineffectiveness of commodity hedges	336	383
Set up costs and operational losses associated with ETC	(422)	(602)
Grant income released to the income statement	153	153
	1,048	821

In February 2020, the Group was involved with launching a financial services listed product – a gold-backed exchange-traded commodity ('ETC') that tracks the price of gold. The ETC is called 'The Royal Mint Physical Gold ETC Securities' 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 ongoing 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 year.

NOTE 23 FINANCIAL INSTRUMENTS

	2022 £'000	2021 £'000
Derivative asset		
Foreign currency fair value	66	232
Commodity fair value	677	522
Precious metal fair value	965	406
	1,708	1,160
Derivative liability		
Foreign currency fair value	386	81
Commodity fair value	83	160
	469	241

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.

NOTE 23 CONTINUED

CURRENCY RISK

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

	Contract amount 2022 £'000	Average forward rate 2022	Fair value 2022 £'000	Contract amount 2021 £'000	Average forward rate 2021	Fair value 2021 £'000
Forward contract – sell £/buy EUR						
Maturing in less than 1 year	4,699	1.1708	(49)	269	1.1580	(3)
Forward contract – sell £/buy USD						
Maturing in less than 1 year	1,671	1.3228	9	6,466	1.3291	(175)
Forward contract – buy £/sell USD						
Maturing in less than 1 year	16,129	1.3520	(329)	8,451	0.6654	132
Maturing in more than 1 year	-	-	-	1,689	1.3867	(2)
	16,129	1.3520	(329)	10,140	1.3753	130
Forward contract – buy £/sell EUR						
Maturing in less than 1 year	6,116	1.1680	49	4,159	1.1097	199
Forward contract – sell EUR/buy USD						
Maturing in less than 1 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 % decrease in sterling and the second table the impact of a % increase in sterling against other currencies on the balances of financial assets and liabilities as at 31 March.

	Closing exchange rate 2022	Effect on net earnings of a 10% decrease 2022 £'000	Closing exchange rate 2021	Effect on net earnings of a 10% decrease 2021 £'000
Euros	1.1774	135	1.1725	241
US Dollars	1.3138	699	1.3740	(5)
		834		236

	Closing exchange rate 2022	Effect on net earnings of a 10% increase 2022 £'000	Closing exchange rate 2021	Effect on net earnings of a 10% increase 2021 £'000
Euros	1.1774	(110)	1.1725	(198)
US Dollars	1.3138	(572)	1.3740	4
		(682)		(194)

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 2022	Value at average price 2022 £'000	Fair value 2022 £'000	Tonnes 2021	Value at average price 2021 £'000	Fair value 2021 £'000
Cash flow hedges:						
Copper futures –						
GBP denominated contracts:						
Maturing in less than 1 year	25	161	35	100	397	239
Maturing in more than 1 year	-	-	-	25	159	(4)
	25	161	35	125	556	235
Nickel futures –	-	-	-	1,689	1,3867	(2)
GBP denominated contracts:						
Maturing in less than 1 year	36	352	559	168	1,877	103
Maturing in more than 1 year	-	-	-	42	483	20
	36	352	559	210	2,360	123
Zinc futures –						
GBP denominated contracts:						
Maturing in less than 1 year	-	-	-	-	(5)	5
Maturing in more than 1 year	-	-	-	-	-	-
	-	-	-	-	(5)	5

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 2022 £	Effect on net earnings of a 10% decrease 2022 £'000	Effect on equity of a 10% decrease 2022 £'000	Closing price/tonne 2021 £	Effect on net earnings of a 10% decrease 2021 £'000	Effect on equity of a 10% decrease 2021 £'000
Copper	7,875	(4)	(15)	6,427	(11)	(68)
Nickel	25,446	(1)	(90)	11,691	(19)	(228)
Zinc	3,245	-	-	2,030	-	-
		(5)	(105)		(30)	(296)

	Closing price/tonne 2022 £	Effect on net earnings of a 10% increase 2022 £'000	Effect on equity of a 10% increase 2022 £'000	Closing price/tonne 2021 £	Effect on net earnings of a 10% increase 2021 £'000	Effect on equity of a 10% increase 2021 £'000
Copper	7,875	35	(15)	6,427	11	69
Nickel	25,446	100	(9)	11,691	-	247
Zinc	3,245	-	-	2,030	-	-
		135	(24)		11	316

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; and
2. based on forecast sales demand over a specified period.

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

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

NOTE 23 CONTINUED

	Ozs 2022	Value at average price 2022 £'000	Fair value 2022 £'000	Ozs 2021	Value at average price 2021 £'000	Fair value 2021 £'000
Gold forwards – GBP denominated contracts: Maturing in less than 1 year	27,828	40,393	904	25,732	31,713	397
Silver forwards – GBP denominated contracts: Maturing in less than 1 year	338,234	6,355	61	43,610	768	9
Platinum forwards – GBP denominated contracts: Maturing in less than 1 year	-	-	-	100	86	-

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 2022 £	Effect on net earnings of a 10% decrease 2022 £'000	Closing price/oz 2021 £	Effect on net earnings of a 10% decrease 2021 £'000
Gold	1,478	(4,130)	1,248	(3,211)
Silver	19	(642)	18	(78)
Platinum	748	-	860	(9)
		(4,772)		(3,298)

	Closing price/oz 2022 £	Effect on net earnings of a 10% increase 2022 £'000	Closing price/oz 2021 £	Effect on net earnings of a 10% increase 2021 £'000
Gold	1,478	4,130	1,248	3,211
Silver	19	642	18	78
Platinum	748	-	860	9
		4,772		3,298

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

	Closing price/oz 2022 £	Effect on net earnings of a 10% change 2022 £'000	Closing price/oz 2021 £	Effect on net earnings of a 10% change 2021 £'000
Gold	1,478	327	1,248	177
Silver	19	85	18	48
Platinum	748	37	860	33
		449		258

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 that gives exposure to interest rate risk.

NOTE 23 CONTINUED

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:

	Effect on net earnings of a 10% change		Effect on net earnings of a 10% change	
	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Loans	19,697	46	23,814	42

CREDIT RISK

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

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

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

Currency receivables

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

	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 91 and 120 days £'000	Over 120 days £'000
Currency receivables:				
2022	24	22	30	-
2021	14	-	-	44

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:				
2022	27	-	1	3
2021	21	1	6	4

Consumer business to consumer

Orders taken via the internet are paid for prior to despatch using major credit/debit cards. Orders taken via the call centre for new customers are payable in advance; existing customers are given credit limits based on their purchasing history. Overdue balances are monitored by reference to their statement status (Status 0 = no missed payments, Status 1 = missed one payment, Status 2 = missed two payments and Status 3 = missed three or more payments). The next table shows outstanding balances as at 31 March.

NOTE 23 CONTINUED

	Statement 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:				
2022	3,152	141	36	85
Expected loss allowance at 31 March 2022	(95)	(28)	(16)	(85)
2021	2,687	40	6	696
Expected loss allowance at 31 March 2021	(81)	(8)	(6)	(409)

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 2022 or 2021.

COUNTER-PARTY RISK

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

The maximum exposure to credit risk is limited to the carrying value of financial assets on the Statement of Financial Position as at the reporting date. For 2022 the amount is £27,868,000 (2021: £29,004,000). 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 £697,000 was outstanding at 31 March 2022 (2021: £814,000).

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

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

NOTE 23 CONTINUED

At 31 March 2021	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Borrowings	135	135	23,544	-
Lease liabilities	614	369	826	2
Derivative financial instruments	241	-	-	-
Trade and other payables*	84,788	-	-	-

* 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 2022 £'000	Carrying value 2021 £'000
Assets as per the Statement of Financial Position:		
Derivatives used for hedging	677	522
Trade and other receivables	28,057	29,005
Derivatives at fair value through profit and loss	1,031	638
Cash and cash equivalents	11,939	8,973
Liabilities as per the Statement of Financial Position:		
Borrowings	(20,976)	(25,378)
Derivatives used for hedging	(83)	(160)
Derivatives at fair value through profit and loss	(386)	(81)
Trade and other payables	(88,248)	(81,143)

NOTE 24 INVESTMENTS

Trading Fund	2022 £'000	2021 £'000
Investments in subsidiaries at 31 March	59,319	59,319

NOTE 24 CONTINUED

	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%
	2022 £'000	2021 £'000
Capital and reserves:		
The Royal Mint Limited Group	72,449	60,021
The Royal Mint Museum Group	3,837	3,616
Profit for the year:		
The Royal Mint Limited Group	13,154	9,708
The Royal Mint Museum Group	221	505
The Royal Mint Services Limited has been excluded on the grounds of immateriality.		
	2022 £'000	2021 £'000
Group		
Investments in associate at 31 March	2,482	1,919

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

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

At 31 March 2022, Sovereign Rarities Limited had £91,000 of fixed assets, £11,815,000 of current assets comprising £11,022,000 of stock and £793,000 of debtors, less liabilities of £3,268,000 resulting in total net assets of £8,637,000. The Royal Mint share was therefore £2,021,000 with a share in profits of £663,000 during the year meaning the total value of the investment included in the Group was £2,482,000.

At 31 March 2021, Sovereign Rarities Limited had £32,000 of fixed assets, £8,795,000 of current assets comprising £8,036,000 of stock and £759,000 of debtors, less liabilities of £2,594,000 resulting in total net assets of £6,233,000. The Royal Mint share was therefore £1,458,000 with a share in profits of £593,000 during the year meaning the total value of the investment included in the Group was £1,919,000.

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

Post year-end, the Board declared a dividend for 2021–22 of £5.06 million.

NOTE 26 AUTHORISATION FOR ISSUE

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



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