THE ROYAL MINT®
THE ORIGINAL MAKER

Royal Mint Trading Fund

ANNUAL REPORT AND ACCOUNTS 2023–24

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 29 July 2024

HC 85

This publication is available at www.gov.uk/official-documents

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or email: informationoffice@royalmint.com

ISBN 978-1-5286-5074-8

E03164566 07/24

Printed on paper containing 40% recycled fibre content minimum

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

Annual Report and Accounts 2023–24

ROYAL MINT TRADING FUND

The Royal Mint Trading Fund Accounting Officer is Sean Jones.

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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

EXTERNAL AUDITOR TO THE ROYAL MINT TRADING FUND

KPMG LLP

The Accounts of the Royal Mint Trading Fund at 31 March 2024, together with the Certificate and Report of the Comptroller and Auditor General thereon, are prepared pursuant to section 4(6) of the Government Trading Funds Act 1973. In continuation of House of Commons Paper No 1244 of 2017–18. Presented pursuant to Act 1973, c.63, s.4 (6).

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Accounting Officer's Statement

In my role as the Treasury's Director for 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').

The Royal Mint has faced a more challenging trading environment in the past year, generating reduced revenues of £1.4 billion (2022–23: £1.9 billion). However, I want to recognise several meaningful milestones achieved by The Royal Mint, as it continues to invest in its future, with increased investment in new ventures of £8.6 million (2022–23: £6.8 million), capital expenditure of £13.7 million (2022–23: £15.2 million), and the decision to stop making overseas currency.

Overall, the Royal Mint Trading Fund recorded an adjusted operating profit[1] of £13.1 million (2022–23: £24.8 million). This is lower than recent years, reflecting an expected cyclical downturn in bullion demand, due to the high price of gold, and a normalisation of market conditions following periods of unprecedented demand during the change of monarch. However, growth in international markets and diversification of its customer base brought about the second-best year ever for revenue in the Commemorative and Precious Metals Investment businesses. These results, as well as the continued growth of the 886 by The Royal Mint jewellery line, provide confidence in The Royal Mint's ongoing evolution to diversify its offer and refine its brand to reach new customers and markets – helping protect jobs and preserve its heritage as one of Britain's oldest businesses.

Providing UK currency remains at the heart of The Royal Mint, and its core mission remains to ensure the availability of circulating UK coinage. However, as part of The Royal Mint's diversification strategy, the transfer of people and skills into newer areas of the business has continued. Further significant changes are expected next year, resulting from the decision to stop making overseas currency and the continuation of The Royal Mint's strategic plan for the future. While this marks the end of The Royal Mint's proud period as the world's largest export mint, the transformation is mitigating the impact of continued global decline in currency usage and is an appropriate step in the company's evolution. In the past year, The Royal Mint satisfied all its Ministerial targets, covering Economic Value Added (EVA), and deliveries of UK Circulating Coins and Commemorative Coins.

A key area of progress is the innovative Precious Metals Recovery (PMR) plant, which will provide a direct source of more sustainable precious metals for The Royal Mint through the recycling of precious metal from electronic waste. After several years of planning and investment, the plant is now in the advanced stages of commissioning, following a period of design, installation and testing of equipment and processes. The plant's imminent opening will mark a significant milestone and, as a sign of The Royal Mint's continued commitment to increase its environmental sustainability as an ethical business, will help to address the growing environmental problem of electronic waste. Furthermore, The Royal Mint's Local Energy Centre – which generated more than 60% of its energy requirements – opened this year, in the same year that its net-zero emissions targets were validated by the Science Based Targets initiative (SBTi). These are significant steps for The Royal Mint's leadership in sustainable precious metals and future sustainability.

The Royal Mint Museum has continued to make significant progress in reaching its charitable objectives, including developing new features to more effectively reach audiences. A series of documentary films was produced to explore engineering and technology used at The Royal Mint. Aimed at school audiences, and published on the Museum's website, the films aim to help teachers and students explore real-world examples of engineering. The Museum continues to promote and support interest in Science, Technology, Engineering and Maths (STEM) and had 4,091 students visiting for workshops during the period.

A new podcast was also developed on 'Coins and the Sea,' with an accompanying new exhibition opened in May 2024.

I am pleased to see the progress being made by The Royal Mint as it continues to diversify into new businesses. The next year will bring more significant change and important milestones, such as the opening of the new PMR plant. I look forward to seeing the continued evolution of the business, further growth of new business areas and even wider outreach and engagement from the growth of the charity.

Sean Jones
ACCOUNTING OFFICER
25 July 2024

[1] Adjusted operating profit is the operating profit before adjusting for the impact of new businesses, IFRS 9-related items and exceptional items.

Report of the Chief Executive of The Royal Mint Limited

In 2023–24, we continued our five-year diversification strategy; our teams leading the way and pioneering new ways to protect the limitless potential of precious metals.

We achieved overall revenues of £1.4 billion (2022–23: £1.9 billion), with a Group operating profit before new business investment, IFRS 9 adjustments and exceptional items of £13.1 million (2022–23: £24.8 million).

Our consumer businesses continued to see growth in international markets in line with our long-term plans and our success included the second-best year ever for operating profit in our precious metals business.

As leaders in sustainable precious metals, we continued to invest in our customer offer, our operations and our people. Capital expenditure during the year of £13.7 million (2022–23: £15.2 million) reflected our continued investment in the future.

Our new businesses continued as expected with our pioneering Precious Metals Recovery plant due to be fully operational in the summer of 2024. Our luxury jewellery business – 886 by The Royal Mint – reached £1 million in sales for the first time and won major awards, including 'Most Sustainable Jewellery Brand' with *Country & Town House* magazine, and 'Most Innovative Product' with Great British Brands.

These successes have been achieved despite the challenging impact of global uncertainty causing difficult market conditions, record gold prices and changing consumer spending habits. The impact on our results was mitigated through our overall business diversification strategies and is a testament to the ability of our people to think differently and creatively.

Our currency business continued to be adversely impacted by the decline in overseas coin demand and the reducing market price. This structural challenge resulted in this area making an overall loss of £10.8 million, in line with expectations.

HOME OF SUSTAINABLE PRECIOUS METALS

As the home of sustainable precious metals, our pioneering sustainability practices and innovative techniques set the benchmark for quality and beauty.

Our world-first Precious Metals Recovery plant progressed to the advanced stages of commissioning. We have already procured and begun to process printed circuit boards from nearly 50 suppliers, contributing not only to our environmental objectives but also to the creation of sustainable employment opportunities.

During the year, we secured contracts with feedstock suppliers such as the Ministry of Defence, highlighting that we are uniquely placed to help solve the growing problem of United Kingdom and global electronic waste. This will also help us in reducing our reliance on mined metals and reclaiming the value of precious metals through a circular-economy approach.

We also secured stocks of silver recovered from X-rays to launch products in 886 by The Royal Mint, and to unveil the first UK commemorative coin produced from 'X-ray silver'. This was a limited-edition half-ounce silver Proof coin, which formed part of a wider range of commemorative coins produced to celebrate His Majesty King Charles III's 75th birthday.

To deliver a more sustainable future, last year we opened our on-site Local Energy Centre designed to decarbonise our operations. Already, we're delighted that with less than a full year of operation, we produced more than 60% of our on-site energy through renewable and lower-carbon energy sources. We are proud that in the same year, our decarbonisation ambition and net-zero emissions targets were validated by the Science Based Targets initiative (SBTi).

BRITISH CRAFTSMANSHIP

It was a historic year of change in which The Royal Mint was privileged to create coins in honour of the coronation and introduce His Majesty King Charles III's set of definitive circulating UK coins showcasing the craftsmanship at the heart of The Royal Mint.

It was an honour to lead the business as we marked the transition to our new monarch, delivering our core purpose as The Royal Mint. The coins were created with precision artistry and crafted by our skilled team, featuring beautiful designs which celebrate the UK's natural habitat.

I am passionate about preserving and promoting British craftsmanship. For our business, that means retaining and developing the craftspeople in our teams and working with partners to protect and promote skills for future generations.

We were delighted to work with the Heritage Crafts Association, and awarded five bursaries to precious metalworkers to support their practice and to help safeguard skills.

OUR NEXT CHAPTER

I feel a tremendous sense of pride in leading Britain's oldest business, ensuring we honour our heritage whilst becoming leaders in sustainable precious metals.

As part of our plan to create a sustainable future for The Royal Mint, we recently announced our decision to stop taking orders for overseas currency.

I am pleased that we are now starting to see the results of our investments in diversification, and this meant that we have created roles in our new and grown businesses for all those people currently making overseas coins, maintaining employment that is of crucial importance to our local community. We remain firmly committed to making UK coins, which sits at the heart of The Royal Mint.

I am filled with optimism for the future of The Royal Mint. As we look forward, our commitment to sustainability, craftsmanship and innovation will guide us in shaping a bright future. We have a clear vision and the determination to achieve it, so The Royal Mint continues to thrive for generations to come.

Anne Jessopp
CHIEF EXECUTIVE

Performance Report

FOR THE YEAR ENDED 31 MARCH 2024

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, Precious Metals Recycling Limited and RM Wynt Limited and has a 23.4% interest in Sovereign Rarities Limited.

The manufacture, marketing and distribution activities of The Royal Mint Limited are predominately based at one site in Llantrisant, South Wales, with some smaller selling and distribution operations located elsewhere to better support our customers.

THE ROYAL MINT LIMITED

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

THE ROYAL MINT MUSEUM

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

Structure

The Chancellor of the Exchequer is the Master of the Mint. The Royal Mint Trading Fund was established on 1 April 1975, in accordance with the Royal Mint Trading Fund Order 1975 (S.I. 1975 No. 501) and from 1 April 2002, the Royal Mint Trading Fund (Extension and Variation) Order 2002, both made under the Government Trading Funds Act 1973. As a trading fund, The Royal Mint operates on commercial lines and is required under Section 4(i) of the Government Trading Funds Act 1973 to 'manage the funded operations so that the turnover of the fund is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to turnover'. In practice, this statutory requirement is generally taken to mean that whilst the Royal Mint Trading Fund is permitted to record an operating loss in any one financial year, this loss should be made good in subsequent years so that financial break-even is achieved.

On 1 April 1990, the Royal Mint Trading Fund became an Executive Agency under the initiative announced by the then Prime Minister in February 1988. On 31 December 2009, the trading assets and liabilities of the Royal Mint Trading Fund were vested into a subsidiary company called The Royal Mint Limited. His Majesty's Treasury (HM Treasury) remains 100% owner of the shares of The Royal Mint Limited through the Trading Fund. All assets of a historical nature were vested into a separate company, The Royal Mint Museum, limited by guarantee. The objective of The Royal Mint Museum, of which HM Treasury is the sole member, is to preserve, protect and enhance the heritage assets for future generations.

OPERATING AND FINANCIAL REVIEW

The Group returned an adjusted operating profit before new business of £13.1 million[2] (2022–23: £24.8 million).

Overall revenue decreased to £1.4 billion (2022–23: £1.9 billion), which was predominately driven by a decrease in the revenue generated by our Precious Metals division. This reflects the anticipated cyclical downturn in bullion demand as conditions normalised following periods of unprecedented demand. The return to more normal trading conditions in our Consumer divisions and continuing competition in the Currency market led to a reduction in operating profit across the established businesses, but these still delivered an adjusted operating profit of £13.1 million (2022–23: £24.8 million).

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

Capital expenditure of £13.7 million (2022–23: £15.2 million) reflected our continued investment in the future, mainly across the following areas:

- the continued investment in our multi-million-pound plant to recover precious metals from electronic waste, which is in its final stage of commissioning;
- the development of new technology to recover gold and other precious metals from e-waste in our precious metals recovery business; and
- the development and implementation costs for a new enterprise resource planning system as part of a phased implementation across the whole business over the next two financial years.

Net assets increased by £2.1 million to £155.3 million. The increase in net assets has resulted from revaluation uplift of £8.7 million and an increase in the pension asset (net of deferred tax) of £0.7 million; partially offset by generating a loss after tax of £3.4 million; a payment of £3.9 million dividend relating to 2022–23 performance.

SUMMARY FINANCIAL RESULTS

	2023–24 £m	2022–23 £m
Revenue		
Currency	65.6	74.4
Consumer (excl. Precious Metals)	135.8	149.2
Precious Metals	1,150.1	1,654.2
Other	1.0	0.4
Total revenue	**1,352.5**	**1,878.2**
Operating (loss)/profit		
Currency	(10.8)	(13.1)
Consumer (excl. Precious Metals)	25.6	30.1
Precious Metals	20.3	32.7
Central overheads	(22.1)	(25.0)
RM Experience	0.1	0.1
Adjusted Operating profit before New Business	13.1	24.8
Precious Metals Recovery	(4.9)	(3.2)
Other New Businesses	(3.7)	(3.6)
Adjusted Operating profit	4.5	18.0
IFRS 9-related adjustments (note 5)	0.6	1.4
Exceptional items (note 5)	(6.2)	(5.2)
Operating (loss)/profit	(1.1)	14.2
Share of associate	0.2	0.4
Net finance cost	(3.0)	(1.5)
(Loss)/profit before tax	(3.9)	13.1

Consumer

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

During the year, Consumer portfolio revenue decreased by 29% to £1,285.9 million (2022–23: £1,803.4 million), and contribution to operating profit decreased to £45.6 million (2022–23: £62.8 million). This reflects an expected return to more normal trading conditions following periods of unprecedented demand. However, the division maintained resilience through continued international growth, increasing its market share in precious metals investments, and attracting a more diverse range of customers than in previous years through popular products such as the 'Music Legends' George Michael commemorative coin range.

The Consumer business delivered an overall improvement in its customer net promoter score ending with a +69 achievement (2022–23: +67).

Precious Metals Investments

The Royal Mint is the home of precious metals, with unrivalled expertise in the design and craftsmanship of metals. Today, we operate a thriving precious metals investment business that offers a range of digital and physical products and services.

Over the past five years, the Precious Metals division has become a significant profit centre for The Royal Mint, expanding its global market share in both silver and gold coins through volatile market conditions.

During the year, the division achieved its second-highest ever performance contributing £20.3 million (2022–23: £32.7 million) to operating profit, with revenues of £1,150.1 million (2022–23: £1,654.2 million).

During the unprecedented demand of the past few years, the Precious Metals investment division prepared for a cyclical downturn in bullion demand as conditions normalised. Innovations included developing affordable fractional coins, selling secondary market coins known as the 'best value range', and enhancing capacity to purchase bullion back from customers. Expansion into new international markets like Eastern Europe and the Middle East helped to offset declines in other regions. The expansion of The Royal Mint's physical bar range has also helped to offset the slowdown in sales of bullion coins.

To make gold investments more accessible, the division has focused on smaller fractional products, attracting more women and younger investors. This inclusivity has bolstered the customer demographic and contributed to a sustainable future for the business.

The division's focus on diversifying the product portfolio, improving customer experience and expanding into overseas markets will continue to broaden the customer base, ensuring future resilience.

HIGHLIGHTS OF THE YEAR

- Increased global market share in gold coins from 8% to 15.5% over five years, driven by the popularity of the Britannia one ounce bullion coin.
- Increased active customers by 6.5% year-on-year to achieve the highest number of active customers ever.
- International customers through the direct-to-consumer channel grew to 10% of the division's customer base, up from 2% in 2021–22.
- Women now make up 23% (up from 10% in 2019–20) and millennials 29% (up from 11% in 2019–20) of the division's customer base.
- 54.9% of gold bars in the physically backed gold ETC are recycled, and all bars meet the post-2019 LBMA Good Delivery Status.

Commemorative Coin, Including The Royal Mint Experience and the Royal Mint Museum

The Royal Mint's Commemorative Coin division offers a range of beautifully crafted coins, medals and numismatic works of art that celebrate cultural and historical moments, and pay tribute to the people and organisations that have shaped our world.

The division remains one of our most profitable businesses, driving a contribution to operating profit of £23.7 million (2022–23: £26.5 million).

With an ongoing commitment to offering sustainably sourced precious metals, the division unveiled its first UK coin to be produced from a blend of silver recovered from medical and industrial X-ray films. The special half-ounce silver Proof coin formed part of a wider range of commemorative coins produced to celebrate His Majesty King Charles III's 75th birthday.

The Royal Mint Experience welcomed around 60,000 visitors to witness its work, including more than 8,000 group visits and 361 VIP tours. Awards such as Tourist Attraction of the Year at the Welsh Hospitality Awards; the Group Leisure Travel Awards; and a Travellers' Choice Award by Tripadvisor are testament to the success of the visitor attraction team.

HIGHLIGHTS OF THE YEAR

- Record year of success for commemorative coins in the United States with The Lion and The Eagle commemorative coin selling out in eight hours, boosting The Royal Mint's reputation for beautiful, luxury products in an important target market.
- Excellent customer sentiment around Coronation coin designs and quality leading to these products selling out within minutes of release.
- Limited mintage collectable coins commanding excellent secondary market pricing and customer sentiment.
- Strong operational performance and a commitment to excellent customer service resulting in 90% of orders being delivered on time and in full.

Collector Services

Uniquely placed to authenticate, source and advise on historic British coins and works of numismatic art, The Royal Mint is the original maker of UK coins. We are also an authority on sourcing and selling some of the most collectable coins and trial pieces available.

The Collector Services division offers customers a range of historic coins to develop their collection, as well as sourcing rare coins from the secondary market to help customers build a collection or invest in key pieces. Adapting to difficult market conditions and recognising a loss on the sale of a single Henry VII Sovereign, the division contributed £1.9 million to operating profit in 2023–24 (2022–23: £3.6 million).

To mark the historic nature of the 2023 Trial of the Pyx including coins transitioning from one monarch to another, three sets of bespoke Trial Plate gold bars were crafted using gold sourced from the coins being assayed in the trial. Made from gold used for the last coins struck under Queen Elizabeth II and the first coins produced under King Charles III, the unique bars were offered at auction, where they attracted noteworthy attention.

This year, the division expanded its offerings with 'Starter' and 'Nickname' coin packs, as an introduction to historic coin collecting, with affordable entry points that have proved popular with collectors.

International demand continued to thrive, with 20% of new customers coming from key markets such as the US, Australia and Canada. Female participation in the customer base also saw a significant uptick, reaching 30% of buyers in 2024.

HIGHLIGHTS OF THE YEAR

- Incorporated base metal coins into the Trial Pieces Auction for the first time, achieving a notable hammer price of £401,000.
- Maintained strong customer satisfaction with a Net Promoter Score of +72 and a Feefo rating of 4.9/5, testament to the division's commitment to its customers.
- Strong international growth with 20% of new customers originating from outside of the UK, with key markets including the US, Australia and Canada.
- Notable increase in female customers, highlighting efforts to broaden the division's customer base, with 30% of buyers in 2024 being women.

Precious Metals Recovery

The Royal Mint is pioneering the recovery of precious metals from electronic waste through sustainable practices. Through a circular-economy approach, it reduces the reliance on mined metals and reclaims the value of precious metals for the future.

It is a key part of our business transformation strategy that has evolved over the past three years from a project to a business division. It is supporting jobs and skills development, and providing a new source of high-quality precious metals that supports The Royal Mint's environmental objectives.

Overall, the division made a loss of £4.9 million in 2023–24. This was due to costs associated with the startup and ongoing commissioning of our newest area of operation.

In the last year, we focused on two primary objectives: the construction, commissioning, and optimisation of our operational activities, and the development of the commercial infrastructure and industry relationships necessary to secure consistent feedstock for the business.

Towards year-end, the factory began operations while the plant entered the final stages of commissioning. Commercially, the business had procured printed circuit boards from nearly 50 suppliers, demonstrating its ability to secure volume and receive stock through internal processes in a compliant manner.

This will allow us to increase our recovery of more sustainably sourced gold while addressing the growing environmental issue of electronic waste. Internationally, the issue of electronic waste continues to grow: 62 billion kilogrammes of e-waste was generated globally in 2022, with several reports stating the UK could become the top producer per capita in 2024.

HIGHLIGHTS OF THE YEAR

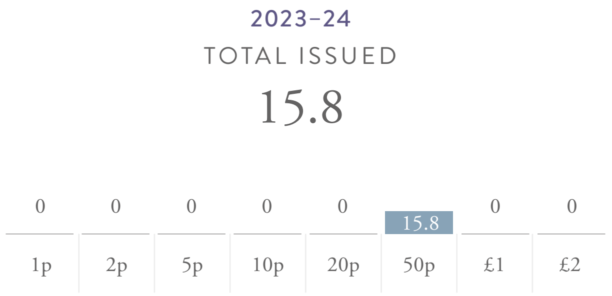
- Built foundations to process over 4,000 tonnes of printed circuit boards, the equivalent to the printed circuit boards from 1.2 million servers.
- Built world-first plant to recover gold from printed circuit boards using Excir technology.
- Onboarded additional suppliers of printed circuit boards as we move towards our target of 200.
- Signed a contract with the Ministry of Defence to dismantle electronic assets and process printed circuit boards through our plant, highlighting our proposition's appeal in helping organisations to meet their sustainability objectives.
- Established a fire assay laboratory to accurately sample precious metals content in electronic waste.

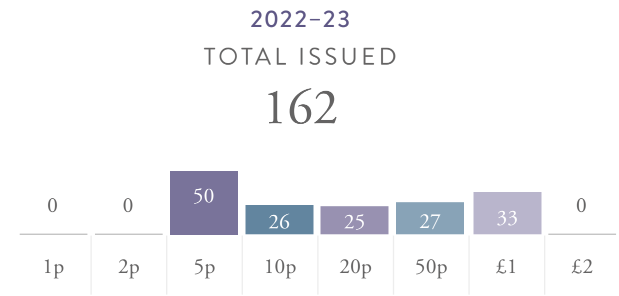
Currency

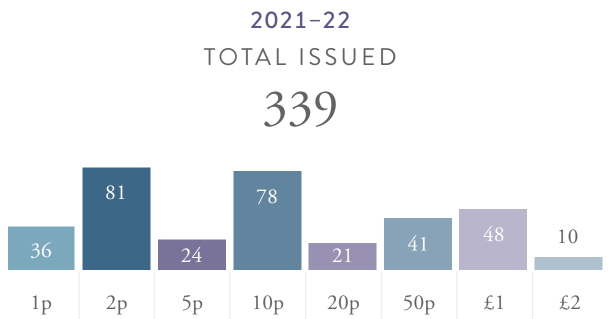
It was a historic year for UK currency with the introduction of His Majesty King Charles III's set of definitive circulating UK coins. Additionally, coins to mark The King's coronation also entered circulation.

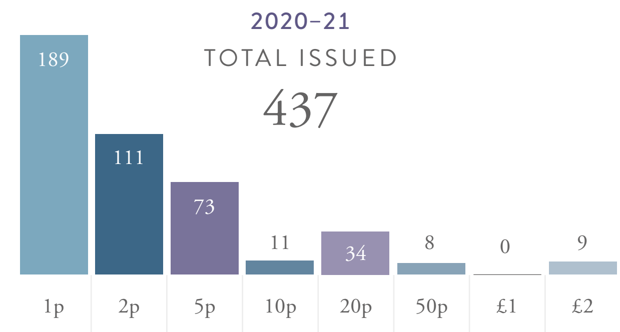
Sales in our Currency business decreased to £65.6 million (2022–23: £74.4 million) and the business delivered an expected overall loss of £10.8 million (2022–23: loss of £13.1 million). Over the reporting year, we issued 16 million UK coins (2022–23: 162 million coins, previously reported in error as 56 million coins) to UK cash centres. Overseas deliveries of coins and blanks amounted to 1.32 billion pieces in 29 countries (2022–23: 1.34 billion pieces in 28 countries).

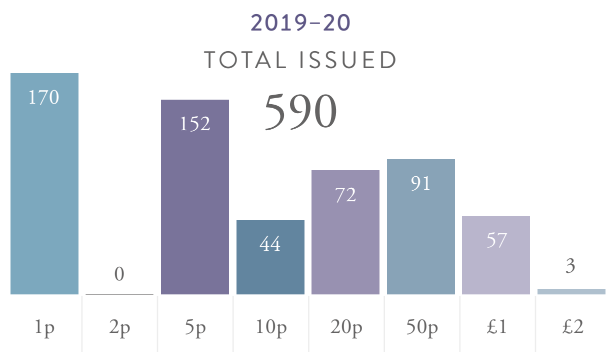
As long-term cash use continues to decline due to changes in consumer behaviour, the focus remained on tight cost control and delivering operational efficiencies. We have continued to work with UK banks and HM Treasury to ensure that retailers consistently had access to coinage. On 9 April 2024, we announced our decision to stop taking orders for overseas currency; this will bring significant changes to our business in the next year as we fulfil outstanding overseas orders. We will retain the capacity and capability to provide UK circulating coins as and when required.











Dividends

Based on the financial result for 2023–24 and the impact on distributable reserves of recognising the costs in stopping production of overseas coins, the Board does not propose paying a dividend in 2024–25. £3.9 million relating to 2022–23 was paid during the year.

Financial risk management

The Royal Mint Group's risk priorities in 2023–24 were in the following areas:

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

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

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

FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

The objective of the Group's hedging policy is to mitigate the impact of movements in the price of metal commodities, where appropriate, over time. For accounting purposes, the impact is reflected in different accounting periods depending on the relevant ineffectiveness assessment under IFRS 9 rules. The accounting treatment in this area is therefore not necessarily a reflection of the economic impact of the Group's hedging policy but instead represents the respective accounting impact of hedging ineffectiveness under IFRS 9. The combined impact of this, together with open forward foreign currency exchange contracts, has been highlighted separately in the Income Statement.

In 2023–24, the year-end impact was a profit of £0.6 million (2022–23: £1.4 million profit). Financial risk management disclosures are set out in note 24 to the financial statements.

Research and development

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

Creditor payment policy

We always seek to comply with agreed terms and 91% of invoices (2022–23: 92%) were paid within the agreed period. We will continue to work with our suppliers and further develop our internal processes and systems 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 are central to the success of our business, and each person plays a key role in ensuring the delivery of our ambitious growth and transformation plans. This year was punctuated by significant milestones that reflect the dedication and hard work of our team. Central to our efforts is our People Strategy, which aims to empower and inspire our workforce for sustained growth.

This year we made continued efforts to embed this strategy and our values throughout our key people processes and initiatives. Our values continue to underpin everything we do by creating a place where everyone can be the best version of themselves.

A cornerstone of our strategy was the introduction of our Leadership Framework and Leadership Development Programme. Designed to define the attributes of effective and strong leadership, this initiative has reached 40 leaders across our organisation – delivered by our Executive Team, and covering crucial topics such as authenticity, building exceptional teams and inspiring confidence and belief. We will extend this programme to our management teams in the upcoming year.

In response to the ongoing decline in our Currency division, we collaborated with our trade unions and team members to facilitate the transition of numerous manufacturing employees to other divisions within our organisation. This strategic realignment allows us to capitalise on new opportunities and career pathways that enhance the diversification of skills and expertise across the business. This is aligned with our broader vision of adding value to precious metals for our customers.

We launched a comprehensive Talent Framework to enhance our internal succession planning and career development pathways. Additionally, the rollout of the SPARK online learning system is a step forward in providing our people with resources focused not only on compliance but also on personal and professional growth.

Our commitment to understanding and improving employee satisfaction continued with our ongoing Pulse Survey, supplemented this year by focus groups and an annual survey via the Best Companies Index. The insights gained from these tools have been instrumental in shaping our actions and policies. Moreover, we initiated a project to define our organisational culture more clearly and develop a robust employee value proposition.

The health and wellbeing of our employees remains a top priority. This year, we expanded our health screening programmes and introduced a Virtual GP service to provide timely medical consultations. Our enhanced focus on mental health has been marked by increased training for Mental Health First Aiders and the distribution of a new Wellbeing Guide. Good mental health remains vital to us, and to support this, with over 60 Mental Health first aiders now trained, we held a series of awareness sessions for our managers during the year. This was backed by a new Wellbeing Guide that was launched on our Time to Talk day and issued to all managers across the business.

Safety, Health and Environment (SHE)

The Royal Mint's position as a trusted and authentic brand is supported by our safety, health and environment (SHE) vision and the commitment of every team member to create a safer, more environmentally friendly organisation.

Our SHE vision is to become a high-reliability organisation capable of sustaining an almost error-free performance in operations where hazardous conditions and consequences can be significant. Achieving this vision requires fostering a culture where everyone takes responsibility for their own safety and the safety of those around them. Our leaders understand the risks in their areas and continually inspire change to minimise those risks. We will continue to embed a culture of safety, health and environment into the DNA of our organisation.

We have reduced our risk landscape by eliminating high-hazard areas within our molten metal and chemical processes. We continually review and refine our SHE systems to ensure ease of use and consistency.

As an organisation, we remain fully compliant with all regulatory requirements, including operating within our environmental permit as regulated by Natural Resources Wales and maintaining our status as an upper-tier COMAH site regulated by the Health and Safety Executive.

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

The Museum continued to offer on-site education workshops, with 4,091 students visiting during the period, covering ages ranging from 4 to 14. The Museum's Education Department has also delivered live online sessions to 280 students.

The Museum worked alongside the team at the Royal Mint Experience to develop a series of sustainability themed activities which ran across the summer holidays for visitors.

The redevelopment of the Museum's learning resources for schools was initiated and the first set of new classroom activities was launched. These activities have been developed to be more versatile and to reach a wider age range than the previous Coins in the Classroom lesson plans. Each resource has multiple elements which can be used as independent activities pooled to make a single more in-depth lesson. They will cover many different topics to tie-in with school curriculums.

A series of documentary films has been produced and made available via the Museum's website. These are aimed at school audiences and explore engineering and technology used at The Royal Mint. The films are created in an 'inside-the-factory' style and aim to help teachers and students explore real-world examples of engineering.

The Museum continued to build relationships with other museums and education organisations, working to support projects run by STEM Cymru's Engineering Education Scheme which promotes STEM subjects in schools, the Welsh History Schools Initiative (WHSI) and supporting the work done by the Museum on the Mound for the Edinburgh Science Festival.

On building new relationships, the Museum worked with Central Saint Martins College of Art and Design on a coin design project. It involved a group of students from the Graphic Design and Typography course. The Education Manager and the Research and Information Manager visited the College to deliver a teaching session on the history of coin design. This was later followed up with a session delivered by the Head of Art Direction for The Royal Mint.

The Museum has continued its work to support national numismatic organisations through Council membership of the British Numismatic Society and the British Art Medal Society.

DIGITAL

In 2023–24 the Museum website had 289,664 active users and 1,258,455 page views, with an average of 24,490 users per month. Page views have significantly increased since the prior year, largely due to the continued use of targeted Google Ads, social media campaigns and the popularity of Museum initiatives, such as the short story competition.

New content continued to be uploaded to the website on a regular basis. A considerable amount of information was uploaded in April and May 2023 relating to the coronation of His Majesty King Charles III. This included a guide to coronation medals for adults and learning activity sheets for children.

New content was published highlighting the history of the modern Sovereign and the coinage of several monarchs, including James II and Charles II. Content for the Museum's Coins and the Sea project is due to be published in June 2024. On the Museum's Google Arts and Culture page, 167 objects and 9 online exhibitions are currently available and have attracted 2,915 viewers.

The Museum has continued to upload original content to its YouTube channel. In total, 21 short films are featured which attract an average of 2,550 views per month and have gained the channel 192 subscribers in the reporting year, bringing the total to 462.

Overall, social media followers decreased by 0.8% from 12,644 to 12,537 due to the loss of the Museum's Instagram account. The account was disabled by Instagram in July 2023 without explanation and it has not been possible, despite several attempts, to reopen it. It is likely that the account was improperly flagged by an automated system. It sat at *c.* 2,000 followers, and was the smallest of the Museum's social media accounts, representing around 15% of social media presence. The Museum's Facebook page saw a 14.5% increase in followers to 6,970. The X feed saw a lower than projected increase in followers of 3% to 4,634. This smaller increase is likely due to the recent business changes to X (formerly Twitter).

In 2023–24 the Museum started publishing newsletter content from the website on LinkedIn and has gained 933 followers on this platform.

EXHIBITIONS

An exhibition on the theme of Sir Isaac Newton was developed and installed in Number 11 Downing Street in partnership with Winchester College and the Government Art Collection. The exhibition ran from 1 September 2023 to 26 April 2024. A panel-based exhibition titled 'A woman's place… Women at the Royal Mint' was installed in the Royal Mint Experience and was opened to the public on 6 September 2023.

Planning and development for the next main temporary exhibition, Coins and the Sea, was almost complete at the end of the reporting year, and the exhibition is on track to open to the public on 25 May 2024. Strong relationships have been established with other museums, primarily Portland Museum, the Shipwreck Treasure Museum, and the Mary Rose Museum, who have been happy to loan objects, images and expertise in order to help with completion of the exhibition. The lift-a-gold-bar case has been reinstalled in the Royal Mint Experience as a permanent feature in Zone 5 and has been well received by visitors, with multiple photographs of people interacting with it appearing on social media.

To accompany the exhibition 'Crowned: The making of a Monarch', a booklet was published to be sold in the Royal Mint Experience. It allowed information and images relating to the coronation of King Charles III to be included, in addition to that already forming part of the exhibition.

A small temporary display was installed in the Royal Mint Experience using the generous donation of Maundy Money from Mrs Freda Meggs. This display will remain in place for approximately six months.

COLLECTIONS MANAGEMENT

The Museum has continued to catalogue and digitise items from the collection. The online library has been enhanced by the addition of the catalogues of the Royal Mint Museum collection written by William Webster in 1874 and William John Hocking in 1906 and 1910. Additionally, Notes on the Coining Processes for Royal Mint Apprentices has been made available online. Written in 1952 by the Superintendent of the Operative Department, this provides a detailed account of production processes at Tower Hill. Three volumes of staff records from the late 19th and early 20th centuries are currently being digitised and will be added to the online library. The Museum regularly receives family history enquiries and making these records available online, along with the Waterloo Medal Roll, will provide another valuable research resource.

The new Collections Management System (CMS), CollectionsIndex+, was successfully installed and 46,525 records were migrated across and married up with existing images. As part of the Museum's commitment to creating records for every item in the collection, a further 11,628 records, catalogued on a spreadsheet, are being imported into the database by the CMS provider. The Museum photographer has been working through core parts of the collection and photographed 3,544 coins, medals and tokens in the reporting period.

In the coming year, the Museum will embark on a new inventory project, employing two Collections Assistants on 12-month fixed-term contracts, to catalogue the medal collection, organise and digitise the artwork collection and add more information to existing coin records. In preparation, 12,284 medals have been numbered and the Museum photographer has started systematically working through this part of the collection.

The collection online site under the new CMS system has been created and 6,288 records for United Kingdom, Channel Islands and Ireland pre-decimal coins have been uploaded. Some additional work is being carried out on the site before its launch in May 2024, and many more records and images will be added during 2024–25.

418 coins, and other items, were accessioned into the Museum collection, received through The Royal Mint. A number of acquisitions were made from external sources, the most notable being the donation of a collection of 111 London Institution passes from Derek Noakes.

During the year, the Museum assisted the Bank of England Museum by loaning a piece of jewellery from The Royal Mint 886 range to the Future of Money exhibition which runs until September 2025.

A full review of the Museum's security provision was undertaken by The Royal Mint security team and a series of recommendations were implemented. The Museum completed its Accreditation return at the start of April 2024 and awaits the review by the Welsh Government.

RESEARCH AND PUBLICATIONS

The total number of public enquiries answered since 1 April 2023 was 1,129 (as compared to 1,150 in the prior year). Of these enquiries, 183 (16.2%) were 'research' enquiries, requests which required a substantial investment of Museum resources and time. This is a slight increase on the previous year.

The Museum has continued to assist the work of researchers and scholars. Substantial, ongoing support has been provided to a researcher looking to publish on the coinage of Palestine and Iraq. The former Keeper of Medieval and Later Antiquities at the British Museum undertook research into the Museum's seal collection.

With respect to publications, a catalogue of the library of Sarah Sophia Banks prepared by Edward Besly has been completed and is now available. Funding and images were provided to Sir Mark Jones for his forthcoming catalogue and biography of the work of William Wyon, former Chief Engraver of The Royal Mint, and work continues on the British Numismatic Society joint publication of Graham Dyer's Curator's Choice.

Following on from the success of previous placements, the Museum hosted another PhD student. Plans are in place to develop a more structured placement scheme to promote the work of the Museum and the subject of numismatics more generally amongst university students.

The Information and Research team provided public talks and lectures on aspects of numismatic and Royal Mint history. The final lecture in a three-part series was delivered to the British Numismatic Society in June 2023 on the history of the gold Sovereign after the Second World War. Numerous other talks were delivered by the Information and Research team. The Museum Director delivered a lecture at the British Association of Numismatic Societies Autumn Weekend and a number of talks were delivered in European countries on the history of the Mint to help support the work of The Royal Mint. Other talks included a lecture delivered to the Civil Service Club and one to the Royal Society of Chemistry at Somerville College, Oxford. Requests for talks from local groups and societies are now returning to pre-pandemic levels.

The Museum team has been involved with numerous filming and media requests over the course of the year. Of note, was the work with Dan Snow on History Hits to provide two new pieces of content on the Trial of the Pyx and the introduction of the new definitive coins of King Charles III.

PROJECT: COINS AND THE SEA

Significant work has been undertaken on the first Museum podcast, with research into the theme of Coins and the Sea carried out by the Information and Research team in the autumn of 2023. This formed the basis for the scripting of six episodes and allowed members of the Museum to conduct a range of interviews with subject experts at the British Museum, Royal Naval Museum, the Mary Rose Museum and many more.

This year saw the close of the Crossing Continents short story competition and the launch of the new competition theme, Coins and the Sea. Crossing Continents was very successful, receiving 690 entries, an increase of 32.4% on the previous year. The Museum team was able to present the prize in person at an assembly at the winning student's school. The theme for the latest short story competition, Coins in the Sea, has increased engagement further, with 1,121 entries received just before the end of the reporting year. The competition judging will happen in the summer term so will be reported next year.

The reminiscence box project completed another 266 loans to care homes across the United Kingdom during the year, bringing the overall total of loans to 1,192 since the start of the project in 2020. The Museum Assistant has also started accompanying the box loans to a number of local care homes to increase interaction with these communities.

The Museum held a Big Reminiscence Day, inviting dementia charities, local community members and retired Mint employees to attend the event held at the Royal Mint Experience. Visitors were invited to engage with the reminiscence boxes and share their memories. Museum team members collected information, scanned documents and photographs brought in by ex-staff and recorded oral histories. A new temporary exhibition on the theme of Coins and the Sea is due to be installed in May 2024 which will be reported on next year.

Directors

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

Huw Lewis resigned as Chief Financial Officer on 28 November 2023. Fraser Forbes, Director of Supply Chain, and Steve Payne, Interim Chief Financial Officer, were contracted to work for The Royal Mint under rolling agency contracts but were not Directors of The Royal Mint Limited and left on 30 November 2023 and 23 February 2024 respectively.

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

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

Independent Auditors

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

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

Going concern

After making enquiries, including seeking assurances from the Directors of The Royal Mint Limited and the Directors of The Royal Mint Museum, the Accounting Officer has concluded that there is a reasonable expectation, based on the Group's budget and projections thereon, and taking into account reasonably possible changes in trading performances, 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.

Key Ministerial Targets

The Royal Mint Limited's performance indicators are the key Ministerial targets for 2023–24, the 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)

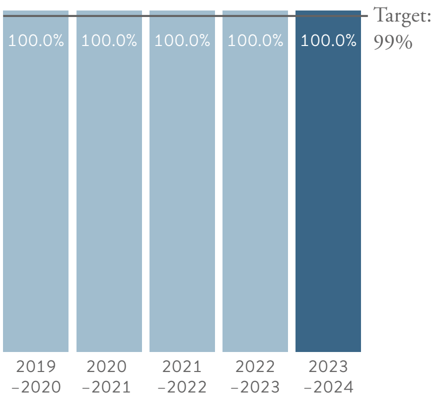
From 2020–21 onwards, the performance metric for The Royal Mint Group is EVA, which is expressed as an absolute amount and calculated by reporting the amount of operating profit generated above the cost of capital. The cost of capital is calculated by multiplying the weighted average cost of capital 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. This is measured on a three-year rolling basis.

EVA for 2023–24 was £10.3 million (2022–23: £20.8 million), resulting in a three-year average of £15.8m, against an average Ministerial target of £4.0 million.

TARGET 2

UK Circulating Coin

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



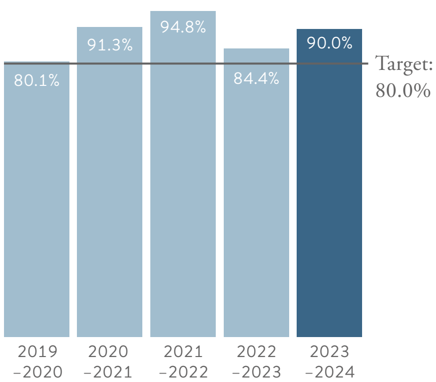
2023–24:

100%

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.



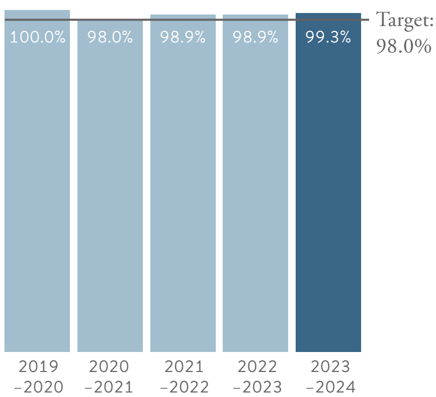
2023–24:

90.0%

TARGET 4

Medals

Orders delivered by the agreed delivery date.



2023–24:

99.3%

Sustainability Report

This report provides a comprehensive overview of our approach to sustainability and related performance for 2023–24. It includes details and key highlights associated with our Sustainability Framework, addressing a range of environmental, social and governance (ESG)-related topics.

We continue to report specific energy and carbon data and related information required under the Streamlined Energy and Carbon Reporting Regulation (SECR) and as referenced in the Directors' Report.

New for this year is our first formal disclosure against our net zero targets, which were validated by the Science Based Targets initiative (SBTi) in August 2023. We have also commenced formal reporting on climate-related financial disclosures, closely aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

As we embark on year three of our five-year business transformation strategy, we also look ahead and provide a summary of our key ESG focus areas for the next year.

The information provided includes that required for the non-financial and sustainability information statement under the Companies Act 2006 and associated Regulations.

Our Framework

Our Sustainability Framework includes four key themes and related strategic drivers which shaped our related activities, and underpinned our broader business ambitions, during the year.

A Sustainable Future

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:

- net-zero carbon;
- circular economy;
- product and packaging development;
- resource management; and
- responsible sourcing.

Enhancing our Community

Reviving and showcasing British skills, craftsmanship and education in the precious metals industry, as the original maker, and proudly supporting our local and wider communities with a focus on:

- British craftsmanship;
- sustained employment;
- skills, education and aspirations; and
- community engagement.

A Great Place to Work

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:

- employee engagement;
- diversity and inclusion;
- health and wellbeing; and
- training and skills excellence.

Integrated ESG

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:

- ESG governance and reporting;
- ESG upskilling and ownership;
- management systems;
- business ethics; and
- industry collaboration and leadership.

A Sustainable Future

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

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

HIGHLIGHTS OF THE YEAR

- Received official validation of our near- and long-term net-zero targets from SBTi, making us the first sovereign mint to achieve this milestone.
- Fully commissioned our Local Energy Centre (LEC) featuring renewable and lower carbon technology. Comprising over 4,000 solar panels, two daffodil-inspired wind turbines, a combined heat and power plant, and a battery energy storage system, the LEC was integral to reducing our reliance on the national grid, lowering our energy costs and more than halving our associated carbon emissions (against a baseline year of 2021–22).
- Implemented energy efficiency improvements across the site, including installation of LED lighting with intelligent control systems, upgrade of compressors and repairs to air leaks in associated equipment, application of power factor corrections on electrical systems, and installation of additional heating controls within the building management system.
- Advanced our progress in building a world-first plant to recover precious metals from electronic waste using pioneering chemistry and purpose-built equipment. Our scientists and engineers recovered this gold at laboratory scale, processing around 100 tonnes of e-waste to date.
- Launched a limited edition half-ounce silver Proof coin made from X-ray silver. Part of a commemorative coin range celebrating the 75th birthday of His Majesty King Charles III, this marked the first official UK coin to be produced from this unique source of silver.
- Launched a partnership with the University of Hull to research and trial more sustainable alternatives to acrylic packaging capsules. This is just one of several initiatives The Royal Mint is undertaking to improve the sustainability of its product and transit packaging, whilst remaining committed to meeting and enhancing the customer experience.
- Developed a process on-site to recover taggant (a chemical-based material which forms part of a high-security feature on circulating coins, including the UK £1). Reuse of this material resulted in a saving of over £800,000.
- Continued to implement our Reuse of Inner (RUOI) process, where pierced slugs – or cores from steel coin blanks – were repurposed as coin inners, avoiding the need to produce and purchase new inners when minting overseas circulating coin. For orders of the Ghana 1 cedi, this process was applied to more than 190 million blanks, and for the Uzbekistan som over 232 million blanks. Collectively, this resulted in roughly 1,350 tonnes of unplated steel recovered.
- Worked with our supplier Lucart to introduce EcoNatural hand towels and toilet paper across the site. A collaboration between Lucart and Tetra Pak®, these products were made from Fiberpack® – the recycled pulp fibres from used beverage cartons.
- Further deployed our Responsible Sourcing Framework underpinned by our Responsible Sourcing Policy. Developed the knowledge and capability of our teams including targeted training and engagement on our net-zero journey. Delivered ongoing engagement with new and existing suppliers on a range of ESG topics and further enhanced our approach by partnering with Sedex.

“As part of our commitment to responsible sourcing, partnering with Sedex is an exciting next step for us. Having the ability to store, analyse and report on sustainability practices within our supply chain – in a single, easily accessible platform – will help us drive targeted, meaningful ESG-related discussions with our suppliers.”

LEE WILKEY, HEAD OF STRATEGIC SOURCING AT THE ROYAL MINT

CASE STUDY: THE ROYAL MINT BECOMES A SEDEX MEMBER

In Q4 of 2023–24, and following a comprehensive tendering process, The Royal Mint formally engaged with Sedex to utilise its supply chain analytics and reporting platform. This marks an important step in our commitment to sustainability and responsible business practices. Through Sedex membership, we gain access to data-driven insights, tools and services to help us continuously improve our ESG outcomes within our own operations and throughout our supply chain.

Specific benefits include:

- the ability to comprehensively map and better understand our supply chain, allowing us to identify areas for improvement and address potential risks;
- helps ensure our suppliers uphold safe and ethical practices, safeguarding the wellbeing of workers and communities;
- facilitates the assessment and maintenance of working conditions throughout the supply chain, with a focus on workplace safety and fairness;
- the ability to assess the environmental impacts of supply chain activities; and
- access to valuable guidance and resources to drive a culture of continuous improvement and related performance.

89% of strategic and 56% of our key suppliers

signed up to our Responsible Sourcing Policy. This important document outlines our expectations for supply chain transparency, valuing people and the community, health and safety and the environment, and conducting business with integrity.

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.

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

HIGHLIGHTS OF THE YEAR

- Launched a new collection – Tutamen – inspired by our coin-making heritage, utilising the skills of our expert craftspeople to create wearable and generational jewellery pieces for 886 by The Royal Mint.
- Continued our partnership with the Heritage Crafts Association, as we extended our precious metals training bursary scheme for a second year and launched the inaugural Precious Metals Symposium, which included sponsorship of the Precious Metalworker of the Year Award.
- Featured the symbols of Britannia and Liberty together on a UK coin for the first time, marking a historic collaboration between the Chief Engravers of The Royal Mint and the United States Mint.
- Issued the new definitive set of UK coins into circulation, which featured the portrait of His Majesty King Charles III, highlighting nature, the value of coins and craftsmanship.
- Produced a range of coins celebrating different people, organisations and events, including those related to social equality, nature and community spirit. This included coins which celebrated 75 years of the Windrush generation, the FIFA Women's World Cup Final, the 50th anniversary of the Manx Wildlife Trust, and the 200th anniversary of the Royal National Lifeboat Institution.
- Implemented various initiatives as part of our STEM strategy to support education and career development in science, technology, engineering and mathematics. This included formally partnering with Careers Wales to support our school employment-engagement offering and early talent strategies.
- Raised funds and made financial donations to important causes, including Mind (our official charity partner), NHS Charities and Islamic Relief.

- Donated over 80 Christmas presents to those who might not otherwise have received a gift, through the generosity of our staff who supported the Rhondda Cynon Taf County Borough Council Santa Appeal.
- The Royal Mint Museum despatched its 1,000th Reminiscence Box, reaching over 900 residential care homes across the UK. First launched in 2021, this initiative has included Reminiscence Boxes covering Decimalisation, Queen Elizabeth II's Platinum Jubilee, and more recently The Royal Mint itself, which also included a Welsh audio version for the first time. Each box contained a number of items aimed at encouraging care home residents and staff to discuss different experiences and recollections from their own lives.

“Promoting and preserving British and precious metals craftsmanship remains a priority for The Royal Mint. We are delighted to have continued our partnership with Heritage Crafts this year, including additional investment in the precious metals training bursary scheme and sponsorship of the Precious Metalworker of the Year Award at the inaugural Precious Metals Symposium.”

DAN THOMAS, HEAD OF LIFESTYLE OPERATIONS AND KING'S ASSAY MASTER

CASE STUDY: EMPOWERING FUTURE GENERATIONS

At The Royal Mint, we are dedicated to working in the local and wider community, including within schools. We want to engage with and inspire young people, enrich their learning experience, and support them in their future career decisions.

This year, we engaged with a number of schools on a range of different topics and activities. We hosted an interactive workshop at Coed-Y-Dderwen Primary School, where Year 6 pupils created model wind turbines and explored the technological requirements and environmental benefits of renewable energy.

We collaborated with Careers Wales at Porth Community School, and supported students at Bryn Celynnog School, on mock interview programmes.

At the Cardiff University Graduate Fair, we met over 200 students, helping equip them with the tools and confidence needed for their future careers.

The Royal Mint Museum also announced the winner of its 2022–23 short story competition, inspired by the 75th anniversary of the arrival of the Empire Windrush, and opened the call for entries for the 2023–24 competition, with this year's theme being ‘coins and the sea’.

1,121

the record number of entries received for The Royal Mint Museum 2023–24 short story competition. Open to all school children aged between 8 and 11 from across the UK, this represents an increase of almost 63% from the previous year.

A Great Place to Work

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

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

HIGHLIGHTS OF THE YEAR

- Advanced from the Level 1: Disability Confident Committed to the Level 2: Disability Confident Employer certification, and set out our Disability & Neurodiversity Policy, helping to create an inclusive working environment where our people can thrive.
- Hosted a range of internal and external speakers at our women's network, Una. Providing opportunities for professional growth, upskilling and networking, sessions included Investigating Investing, Boosting Performance, Yoga, and Speed Networking.
- The Royal Mint Museum launched a new exhibition in The Royal Mint Experience titled 'A Woman's Place: Women and The Royal Mint', promoting gender equality and exploring the evolving roles of women since the early 1800s.
- Expanded our team of Mental Health First Aiders, and provided free access to our Employee Assistance Programme (EAP) to offer a suite of physical, mental and financial services to our people and their families.
- Hosted Duke Al Durham – a poet, spoken word artist, rapper and facilitator – during Mental Health Awareness Week to share his experience with obsessive-compulsive disorder (OCD) and anxiety and raise awareness of mental health.
- Hosted physical wellbeing events on-site, including No Tobacco Day, diabetes awareness and glucose testing, cholesterol testing, and weekly physiotherapy appointments.
- Hosted financial planning awareness workshops to help our people manage their money.
- Enhanced and promoted our people's learning and development through SPARK, a new online system, launched alongside a formal mentoring scheme, new competency-based career pathways and interactive workshops on our new Leadership Framework.
- Conducted a b-Heard survey in collaboration with Best Companies to measure employee engagement and better understand the needs of our people, creating a more responsive and supportive working environment.

“I really enjoyed the senior leadership training programme. It encouraged me to think even more about what it means to be my authentic self, and how to build an even greater team – so we can all be part of The Royal Mint’s success. The saying ‘Leadership is a choice you make, not a position you hold’ really is true!”

STEPHANIE MORRIS, HEAD OF COMMEMORATIVE COIN B2B SALES

CASE STUDY: UNA – OUR WOMEN’S NETWORK

The Royal Mint’s Women’s Network, ‘Una’ (from the Latin word meaning ‘one’), is an internal network providing the opportunity to educate, empower and support the wellbeing of staff.

Over the past year, we released our inaugural Women's Network Annual Report, marking an inclusive celebration on International Women’s Day. Through discussions covering vital topics such as Menopause Matters, alongside empowering sessions on financial literacy, Una helps to equip our people with the tools and knowledge to navigate both personal and professional challenges effectively.

Looking ahead, we remain committed to nurturing and expanding the reach of Una, helping every woman at The Royal Mint to feel recognised, supported and empowered.

1,661

the number of courses completed in our new online learning system SPARK launched in September 2023, with the most completed courses including Allyship in Practice, Climate Change, and Disability Inclusion.

Integrated ESG

> Driving ourselves to make a measurable difference every year, we aim to ensure environment, social and governance topics are at the core of everything we do.

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

HIGHLIGHTS OF THE YEAR

- Enhanced our risk management framework by further integrating sustainability-related topics, ensuring these are duly considered and integrated into The Royal Mint's broader corporate governance processes. Refer to page 28 for further information, including details on our climate-related disclosures.
- Promoted ESG upskilling and ownership by integrating sustainability messaging and expectations into our early recruitment and onboarding processes, providing access for all staff to related e-learning modules on our online platform SPARK, and enrolled over 80 senior and strategic level staff in the University of Cambridge Institute for Sustainability Leadership online short course Sustainability Essentials for Business.
- Maintained formal external certification to a number of International Organization for Standardization (ISO) business management systems, covering ISO 50001 (Energy), ISO 14001 (Environment), ISO 9001 (Quality), ISO 45001 (Occupational Health and Safety) and ISO 27001 (Information Security).
- Reinforced our anti-fraud efforts by implementing a reformed Fraud Escalation Procedure, demonstrating our commitment to safeguarding the integrity of our operations.
- Reflected our commitment to providing a safe and transparent reporting mechanism for ethical concerns within the organisation by updating our Whistleblowing Policy.
- Joined the Industry Council for Electronic Equipment Recycling (ICER) and partnered with the UK Ministry of Defence's (MOD) Defence Equipment Sales Authority (DESA) – to provide an innovative and sustainable solution for the disposal of electronic defence equipment.
- Championed and improved sustainability performance within the industry through our role in the International Mint Directors Association Sustainability sub-committee.

110

the number of industry representatives attending the inaugural ESG webinar hosted by the International Mint Directors Association Sustainability sub-committee, of which The Royal Mint is a founding member.
The webinar focused on ESG good practice and reporting, with The Royal Mint's Head of Sustainability one of three speakers alongside the Royal Canadian Mint and sponsors MKS-PAMP.

"I am passionate about sustainability and when I joined The Royal Mint, was excited to see their commitment in this area. The business is proactive in helping staff understand its related ambitions. There are a number of ways I can support this which has also helped me develop new contacts and skills relevant to my role."

MATTHEW WILLIAMS, JUNIOR PROJECT MANAGER, BUSINESS TRANSFORMATION

CASE STUDY: INSPIRING AND EMPOWERING STAFF TO CREATE A NET ZERO CULTURE

A critical element in achieving our net-zero goals is the support and action of our staff. As a result, we have incorporated specific education and engagement activities into The Royal Mint's decarbonisation strategy.

In October 2023, we hosted our inaugural Net Zero Week aimed to engage and educate employees about The Royal Mint's net-zero ambitions, and their role in supporting this. We kicked off the week with an interactive lunch-and-learn session with representatives from the net-zero leadership team, hosted sustainability expert Mike Barry in our guest speaker slot, and held net-zero related drop-in sessions with our Continuous Improvement and Procurement Teams. We concluded the week with a Net Zero Quiz and announced the winner of our Scavenger Hunt Challenge. Throughout the week, staff were also able to calculate their personal carbon footprint, learn about our Green Travel Plan and electric vehicle leasing scheme, make a pledge on our net-zero pathway wall, and complete a tour of our Local Energy Centre. We also released educational resources and asked for nominations from those interested in joining our new Net Zero Heroes staff network.

With the ethos of 'Making Net Zero Happen', the intent of the week was to fuel ongoing learning and action, complementing related education and engagement activities undertaken through the year.

Accreditations, Memberships, and Other Affiliations

We are proud to hold formal external certifications, memberships and partnerships which reflect our values and help us to meet our business ambitions.

Examples of organisations we have formally partnered with throughout the year:

IN 2023–24, WE:

- maintained external certification for our business management systems related to environmental, energy, quality, occupational health and safety, and information security management; and
- retained our membership to the London Bullion Market Association and London Platinum and Palladium Market, whilst joining the Singapore Bullion Market Association.

THROUGHOUT THE YEAR, WE ALSO:

- became formal members of the Industry Council for Electronic Equipment Recycling, Net Zero Industry Wales, and Sedex; and
- advanced from the Level 1: Disability Confident Committed to the Level 2 Employer certification.

We also worked with a number of other organisations, on either a short-term or long-term basis, aligned with our sustainability and related business ambitions, including:

- existing partners such as the World Gold Council, Heritage Crafts, Mind Cymru, Inclusive Employers, Circular Computing, Sell2Wales and the UK Government Find-a-Tender service; and
- new partners such as Careers Wales, Best Companies and Maggie's (a cancer charity).

Awards

We were honoured to receive the following awards that showcase our commitment to innovation, craftsmanship and people:

- winner of a *Country & Town House* Sustainability Award in the category Sustainable Jewellery Brand for 886 by The Royal Mint;
- winner of a *Country & Town House* Great British Brands Award in the category of Most Imaginative Product for 886 by The Royal Mint; and
- winner of a Krause Publications Coin of The Year Award in the Best Contemporary Event coin category for the Commemorative UK 50p Pride coin.

Climate-Related Disclosures and Performance Against Net Zero Targets

We recognise that climate change is having a profound effect on individuals, societies and businesses. We are committed to decarbonising our direct and indirect operations and helping to improve related performance in the precious metals industry more widely. We have set near- and long-term net zero targets, which were officially validated for The Royal Mint Ltd. by the SBTi in August 2023. We are the first sovereign mint to achieve this milestone.

We are also working to better understand the risks and opportunities that a changing climate may bring to our business, including those related to our site operations, supply chain and customer expectations.

The following section is prepared in accordance with the non-financial and sustainability information statement (NFSIS) required for group companies under the Companies House Act 2006 and is closely aligned with the Task Force on climate-related Financial Disclosures (TCFD) framework. It includes a summary of climate-related risks and opportunities, the potential impact on our business and actions we are taking to respond. We also provide a comprehensive overview of our Scope 1, 2 and 3 greenhouse gas (GHG) emissions, including performance against our SBTi-validated net-zero targets.

In future years, we aim to further develop the detail of these disclosures, strengthening our approach and including more detailed financial-based scenario analysis.

GOVERNANCE

Sustainability is one of eight corporate themes in The Royal Mint's five-year business transformation strategy. We have developed a formal Sustainability Framework built around four key ESG pillars and a number of related strategic drivers. Net Zero Carbon is identified as a strategic driver within the pillar A Sustainable Future, and is managed as a strategic priority within the business.

Under the guidance of the Board of Directors and Audit Committee, The Royal Mint (Group) risk management processes are undertaken by the Executive Management Team. Additionally, the Audit Committee plays a pivotal role in our governance structure. On at least an annual basis, the Audit Committee reviews the nature and extent of risks and opportunities that The Royal Mint is willing to take to achieve its long-term strategy and strategic objectives. Collaborating closely with key stakeholders, including the Chief Financial Officer and the Head of Sustainability, the Audit Committee ensures that sustainability (including climate) related risks and opportunities are duly considered and integrated into The Royal Mint's broader corporate governance processes.

For 2023–24, climate-related risks are reported as a Principal Risk – on the basis that the risk 'Failure to meet ESG targets i.e. Net Zero ambitions being validated by SBTi' is reported internally as a Corporate risk to the Board, and externally as a Principal Risk and Uncertainty in The Royal Mint's published financial statements.

The Director of Operations, who is also a member of the Executive Management Team, supported by the Head of Sustainability, has overall responsibility for ensuring that key sustainability including climate risks are effectively managed. This includes reporting to the Board on relevant Corporate risk(s), performance against net-zero targets, and providing other updates on The Royal Mint's broader sustainability ambitions.

Strategy

A number of transitional and physical climate-related risks have been identified as potentially impacting The Royal Mint, in the short (2030), medium (2040) and long (2050) term. Guidance has been utilised from a number of sources, including TCFD and CDP, expertise of the Sustainability Team, as well as The Royal Mint's enterprise risk management plan and associated processes.

For transitional risks, this includes consideration of policy and legal, technology, and market impacts. For physical risks, this includes event-driven acute impacts e.g. increased severity of extreme weather events, and longer term - chronic impacts e.g. extreme variability in precipitation and rising mean temperatures. Some of these also represent opportunities, including as they relate to products and services, markets and resilience, and have been identified accordingly.

A scenario analysis has been used to inform the assessment, taking both climate-related risks and opportunities into consideration. To undertake this analysis, the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) was applied, which states limiting warming to 1.5°C above pre-industrial levels is necessary to prevent the severe environmental consequences that are likely to occur in a 2°C warmer world and that catastrophic impacts would occur if temperatures rose by 4°C. Specifically for the scenario analysis a RCP of 2.6 and 4.5 as well as SSP1 and SSP2 were used.

SCENARIOS FOR THE IDENTIFICATION AND ASSESSMENT OF FUTURE CLIMATE-RELATED RISKS AND OPPORTUNITIES

SSP Pathway	RCP Pathway	2100 Warming	Description	Key Elements
SSP1 (Low challenges to mitigation and adaptation)	RCP 2.6	1.8°C	This scenario is aligned to the current commitments under the Paris Agreement. The world shifts towards a more sustainable path, emphasising more inclusive development, driven by an increasing commitment to achieving the United Nations Sustainable Development Goals. Implementation of carbon taxation system targeting carbon emissions and a fully functional circular economy by 2100.	• Global net-zero reached in 2050. • Net negative emissions from 2050 onwards. • Renewables account for more than half of the energy supply by 2050. • Few challenges to climate mitigation and adaptation.
SSP2 (Medium challenges to mitigation and adaptation)	RCP 4.5	2.7°C	Intermediate GHG emissions scenario that has CO_2e emissions remaining around current levels and peaking in 2040, with social, economic and technology not shifting substantially. Environmental systems continue to degrade but overall resource and energy intensity decline. Inequalities persist and there is continual reliance on fossil fuel.	• Emissions peak in 2040.

Notes:

- The IPCC AR6 indicates that the policies currently implemented by the end of 2020 are projected to result in global warming of 3.2°C by 2100.
- RCP stands for Representative Concentration Pathway and refers to a GHG concentration trajectory adopted by the IPCC. The pathways describe different climate futures, all of which are considered possible depending on the volume of GHG emitted in the years to come.
- SSP stands for Shared Socioeconomic Pathways and refers to climate change scenarios of projected socioeconomic global changes up to 2100.

At a business-wide level, The Royal Mint's Risk Universe (Profile) identifies the different types of risks that could affect operations and delivery of strategic objectives. Risks are categorised as Level 0 (e.g. Financial, Non-Financial and *Strategic*), Level 1 (e.g. Market, People, *Sustainability*) and Level 2 (e.g. Interest Rate, Key Person and *Climate Resilience*). Each Level 1 risk has an agreed description, risk appetite and Executive risk owner. This information is reviewed at least annually and in the event of major internal or external change. Recognising the potential impacts climate-related risks can have on the business, from 2024–25 'climate resilience' will be included as a Level 2 Risk (under Level 0 Strategic, Level 1 Sustainability) in The Royal Mint's Risk Universe.

Nominated risk owners are responsible for identifying, assessing and monitoring risks relevant to their area of accountability. Once identified, risks are assessed by the respective risk owner, and a score allocated based on impact and probability, in accordance with a pre-agreed matrix. This assessment is based on a position without controls in place (gross risk) and also considered with controls in place (net risk). The risk owner is responsible for identifying and documenting relevant control measures and managing the risk to remain within acceptable levels. These details are recorded in individual risk registers, with a consolidated register held by the Risk team.

Risk Management

An overview of key climate-related risks and opportunities arising in connection with The Royal Mint's operations are presented in the table below. This includes the type of risk or opportunity (physical or transitional), specific risk/opportunity area and associated description. An assessment across both short (2030)-, medium (2040)- and long (2050)-term time frames, as well as two different climate-related scenarios (1.8°C and 2.7°C) are also included. For each time frame and warming scenario, an assessment of the likelihood of the risk or opportunity occurring and the impact it would have on the business has been considered and presented as an overall rating of low, medium or high. For risks specifically, a low rating is more favourable than a medium or high, however for opportunities the opposite applies where a high rating is more favourable then a medium or low.

We have a number of strategies in place to address the risks and opportunities documented, including:

- **business continuity plans** addressing unplanned disruptions to site and supply chain operations;
- targeted plans for **decarbonising on-site energy use**, including both technological and operational solutions as well as driving industry collaboration and leadership;
- active **engagement with key and strategic suppliers** to increase accuracy of carbon accounting and identify decarbonisation opportunities;
- ongoing **market research** into customer expectations and wider consumer behaviour, utilising a range of metrics and insight solutions;
- participation in **cross-industry working groups**, including on the definition of recycled gold and associated implications for carbon accounting; and
- continued development of **sustainable sourcing strategies** and related plans, including that related to precious metals as well as other strategically important materials such as product packaging.

SUMMARY OF MODELLED SCENARIOS FOR FUTURE CLIMATE-RELATED RISKS AND OPPORTUNITIES

Risk Type	Risk Area	Description of Impact	Warming Scenario	Short Term (2030)	Medium Term (2040)	Long Term (2050)
Transition Risks						
Policy and Legal	Carbon pricing mechanisms	Emerging and future regulations introduce carbon pricing mechanisms, impacting buying and/or selling costs of affected products/services. For The Royal Mint, this could include regulations such as the carbon border adjustment mechanism (CBAM) and impact the price of metals (e.g. steel) and also potentially other products (e.g. packaging) imported from outside the UK or Europe.	1.8°C	L	M	H
			2.7°C	M	H	H
Technology	Unsuccessful investment in new technologies	To decarbonise its Scope 1 and 2 emissions, (for example), The Royal Mint will likely need to further invest in new technology. This may include novel approaches to established technologies such as battery storage or investment in developing technologies such as those using green hydrogen.	1.8°C	M	M	L
			2.7°C	H	H	M

Note: H: High, M: Medium, L: Low

Risk Type	Risk Area	Description of Impact	Warming Scenario	Short Term (2030)	Medium Term (2040)	Long Term (2050)
Transition Risks						
Market	Access to lower carbon products/services	Based on current GHG accounting methodologies used, Scope 3 emissions contribute >95% of The Royal Mint's total GHG emissions, and emissions from precious metals (particularly gold) comprise 70–80% of all Scope 3 emissions. There is the risk that an inability to access recycled gold and silver in a commercially viable way will directly impact The Royal Mint's ability to consistently decarbonise in this area.	1.8°C	H	H	M
			2.7°C	H	H	M
	Uncertainty in market signals	Insights into certain markets and consumer profiles, coupled with the customer 'intention-action' gap make it increasingly difficult to predict commercially viable propositions.	1.8°C	H	M	L
			2.7°C	H	M	L
Physical Risks						
Acute	Increased severity of extreme weather events such as droughts, floods, heatwaves, coldwaves and wildfires	The Royal Mint largely operates from a single site in Llantrisant, South Wales and extreme weather events could lead to operational downtime, hinder transportation routes, delay deliveries and limit access to essential materials. Further analysis is thus required to understand The Royal Mint's specific exposure to supply chain disruption.	1.8°C	L	M	M
			2.7°C	L	H	H
Chronic	Longer-term shift in climatic patterns	Long-term shifts in climate patterns could result in the physical damage to The Royal Mint's infrastructure. Such effects are also likely to be felt by The Royal Mint's supply chain.	1.8°C	-	L	L
			2.7°C	-	L	M
Transition Opportunities						
Products and services	Shift in consumer preferences	Just as uncertainty in market signals is a potential risk, there is also evidence to suggest consumers increasingly favour lower-carbon products and services. This is particularly apparent in the Gen Y and Gen Z demographic.	1.8°C	M	M	L
			2.7°C	H	M	L
Markets	Development of new revenue streams from new/emerging environmental markets and products	There is the opportunity for The Royal Mint to further explore initiatives which build on its position as a leader in sustainable precious metals.	1.8°C	H	M	M
			2.7°C	H	M	M
Resilience	Increased reliability, climate-resilience of investment chain	There is the opportunity to work with targeted suppliers to support their investment in lower emissions technology, not only helping decarbonise The Royal Mint's Scope 3 emissions but also realising other potential benefits from the use of newer technology, such as as higher supplier production volumes, lower waste volumes, etc.	1.8°C	M	M	H
			2.7°C	M	M	H

Note: H: High, M: Medium, L: Low

Metrics and Targets (Scope 1, 2 and 3 Emissions)

OUR NET-ZERO AMBITION

Against a current baseline year of FY2021–22, our goal is to achieve net zero GHG emissions by 2050, with interim targets set for 2030. Specifically, by 2030, we aim to achieve a 42% reduction in absolute Scope 1 and 2 GHG emissions and a 25% reduction in absolute Scope 3 GHG emissions. By 2050, we aim to achieve a minimum 90% reduction across organisation-wide Scope 1, 2 and 3 emission sources. By establishing ambitious long-term net-zero goals – with a target to limit global warming to 1.5°C – The Royal Mint has also joined the Business Ambition for 1.5°C campaign. Developed in partnership with the Race to Zero and supported by SBTi, this is an urgent call to action from a global coalition of United Nations agencies, business and industry leaders.

This year marks the first formal reporting period for The Royal Mint since achieving SBTi validation. The methodology, data and calculations used to report performance against our net zero targets (and summarised in the table on page 34), has been verified without bias, by ClimatePartner, an independent third party specialising in carbon accounting.

The verification was completed based on the principles of limited assurance engagement as outlined in the International Standard on Assurance Engagement (ISAE) 3000 (Revised) issued by the International Auditing and Standards Board. This opinion can be made available by contacting The Royal Mint at +44 (0)1443 222 111.

DECARBONISATION STRATEGY

A key element of our decarbonisation strategy involved the establishment of a Net Zero Working Group, responsible for development and delivery of a number of key workstreams. Designed to address specific aspects of our operations, five workstreams (energy, precious metals, base metals and steel, sourcing, and packaging) were focused on identifying and delivering emissions savings, with an additional three workstreams (data and governance, education and engagement, and business unit plans) aimed at enabling change and driving a net zero culture.

Each workstream is led by a nominated staff member and overseen by the relevant Executive Team member. The overall programme is managed by the Head of Sustainability with support from a dedicated project manager. A Steering Committee attended by all members of the Executive Team is held monthly to review progress and address any escalations. Formal programme performance, including progress against targets, is reported to the Board on at least an annual basis.

NET ZERO

In becoming net zero by 2050, and in line with SBTi criteria, The Royal Mint commits to prioritising the direct reduction in its Scope 1, 2 and 3 GHG emissions.

BY 2030

42% reduction

in absolute Scope 1 and 2 GHG emissions.

25% reduction

in absolute Scope 3 GHG emissions.

BY 2050

90% reduction

as a minimum, across organisation wide scope 1, 2 and 3 emissions.

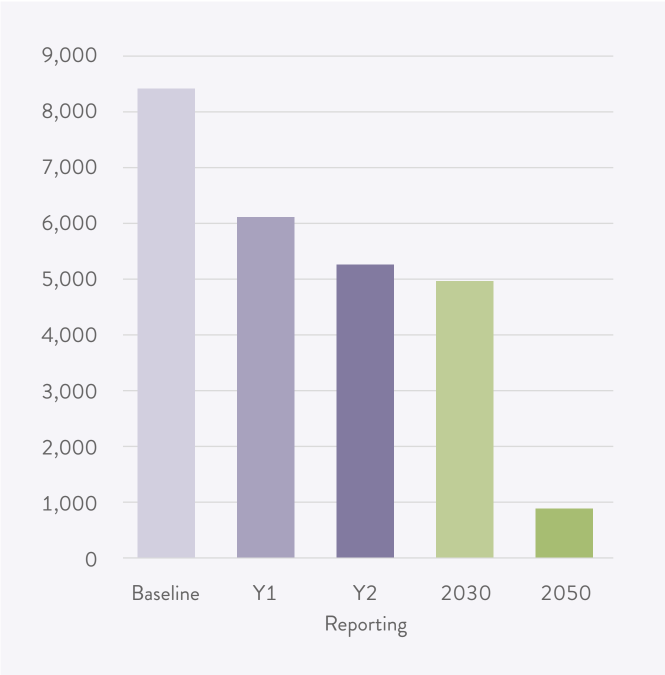
Organisational Greenhouse Gas Footprint and Performance Against Targets

The following table is a summary of The Royal Mint's organisational GHG footprint and forms the basis of the verification process completed by ClimatePartner (refer to page 41).

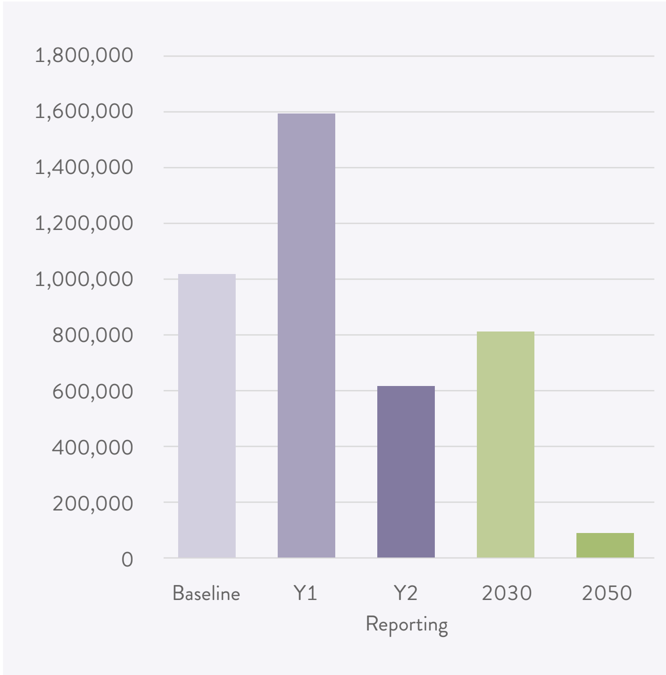
The methodology used to calculate emissions, follows the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard Revised Edition (2015). Further details on specific accounting inclusions, exclusions and assumptions are provided in the Appendix.

		Baseline 2021–22		Y1 Reporting 2022–23		Y2 Reporting 2023–24		Change from Baseline	
Scope	Emission Category	tCO_2e	% Share	tCO_2e	% Share	tCO_2e	% Share		
Scope 1 & 2	Natural Gas	3,351	40%	2,601	32%	2,272	48%	↓	32%
	Fugitive GHG Emissions	0.00	0%	0	0%	0.00	<1%	●	0%
	Company Cars (Diesel)	1.24	<1%	1.56	<1%	0.31	<1%	↓	75%
	Diesel Use On-site	23	<1%	11.98	0.17%	12	0.37%	↓	49%
	Grid Electricity	5,093	60%	3,507	51%	1,604	30%	↓	69%
	Renewable Generation (Solar PV)	0.00	0%	0.00	0%	0.00	0%	●	0%
	Renewable Generation (Wind Turbine)	0.00	0%	0.00	0%	0.00	0%	●	0%
	Renewable Generation (CHP)	0.00	0%	797	12%	1,400	26%	↑	100%
			8,468		**6,919**		**5,288**	↓	**38%**
Scope 3	Water Treatment	17	<1%	11	<1%	9	<1%	↓	49%
	Natural Gas (CHP)	0.00	0%	3,121	<1%	3,813	1%	↑	100%
	Waste	130	<1%	123	<1%	87	<1%	↓	33%
	Business Travel	299	<1%	565	<1%	510	<1%	↑	21%
	Employee Commuting	354	<1%	395	<1%	352	<1%	↓	1%
	Leased Assets: Utilities	0.00	<1%	1.38	<1%	2.22	<1%	↑	100%
	Investments: Utilities	1.48	<1%	1.35	<1%	1.45	<1%	↓	2%
	Purchased Goods and Services	96,512	9%	115,719	7%	96,977	16%	↑	0.5%
	Capital Goods	982,468	91%	1,448,360	92%	517,585	83%	↓	47%
	TRM Operational & Transit Packaging	158	<1%	287	<1%	98	<1%	↓	38%
	The Royal Mint Experience Gifts	0.03	<1%	0.03	<1%	0.04	<1%	↑	48%
	Transmission & Distribution	451	<1%	321	<1%	139	<1%	↓	69%
	Well-to-tank (WTT)	2,206	<1%	2,094	<1%	1,541	<1%	↓	30%
			1,082,597		1,570,998		621,113	↓	43%
Total			1,091,064		1,578,357		626,401		
		Scope 1	3,375	Scope 1	2,614	Scope 1	2,284		32%
		Scope 2	5,093	Scope 2	4,304	Scope 2	3,004		41%
		Scope 3	1,082,597	Scope 3	1,570,998	Scope 3	621,113		43%

SCOPE 1 AND 2



SCOPE 3



At the end of 2023–24 (Reporting Year 2), when compared against 2021–22 (the Baseline Year):

In Scope 1 and 2, there was a 38% overall decrease in emissions. This includes:

- 32% decrease in emissions from natural gas consumption; and
- 69% decrease in emissions from grid electricity consumption.

Based on the above performance, The Royal Mint is well placed to meet and potentially exceed its Scope 1 and 2 interim (2030) targets. Whilst the business returned to more normal trading conditions following periods of unprecedented demand driven by external factors including the pandemic, this progress, particularly in grid electricity consumption, can largely be attributed to direct decarbonisation interventions, and specifically the installation and operation of the Local Energy Centre (LEC). The LEC enabled the generation and use of renewable and lower carbon electricity on-site, significantly reducing our reliance on the national grid. The key challenge for 2024–25 will be to maintain operating efficiency and maximise utilisation of related infrastructure within the LEC, in light of a changing site energy profile.

In Scope 3, there was a 43% overall decrease in emissions. This includes:

- 49% decrease in emissions associated with Water Treatment;
- 33% decrease in emissions associated with Waste Generated;
- 47% decrease in Capital Goods emissions, with precious and base metal volumes falling 55% and 47% respectively from baseline;
- 38% decrease in emissions related to the end-of-life treatment of operational and transit packaging; and
- 69% decrease in Transmission & Distribution emissions and 30% decrease in Well-To-Tank emissions.

Based on the above performance, The Royal Mint met and exceeded its Scope 3 interim (2030) targets. However, it is noted that whilst substantial work has been undertaken to identify and establish processes to address key Scope 3 emission sources (e.g. precious metals) and data accuracy (e.g. purchased goods and services) performance in Scope 3 is largely due to the business returning to more normal conditions during 2023–24 following periods of unprecedented demand driven by external factors. The key focus for 2024–25 will be to decouple emissions from market conditions and deliver decarbonisation interventions, targeting key activities and materials, whilst continually improving data accuracy.

Sustainability at The Royal Mint – Looking Ahead

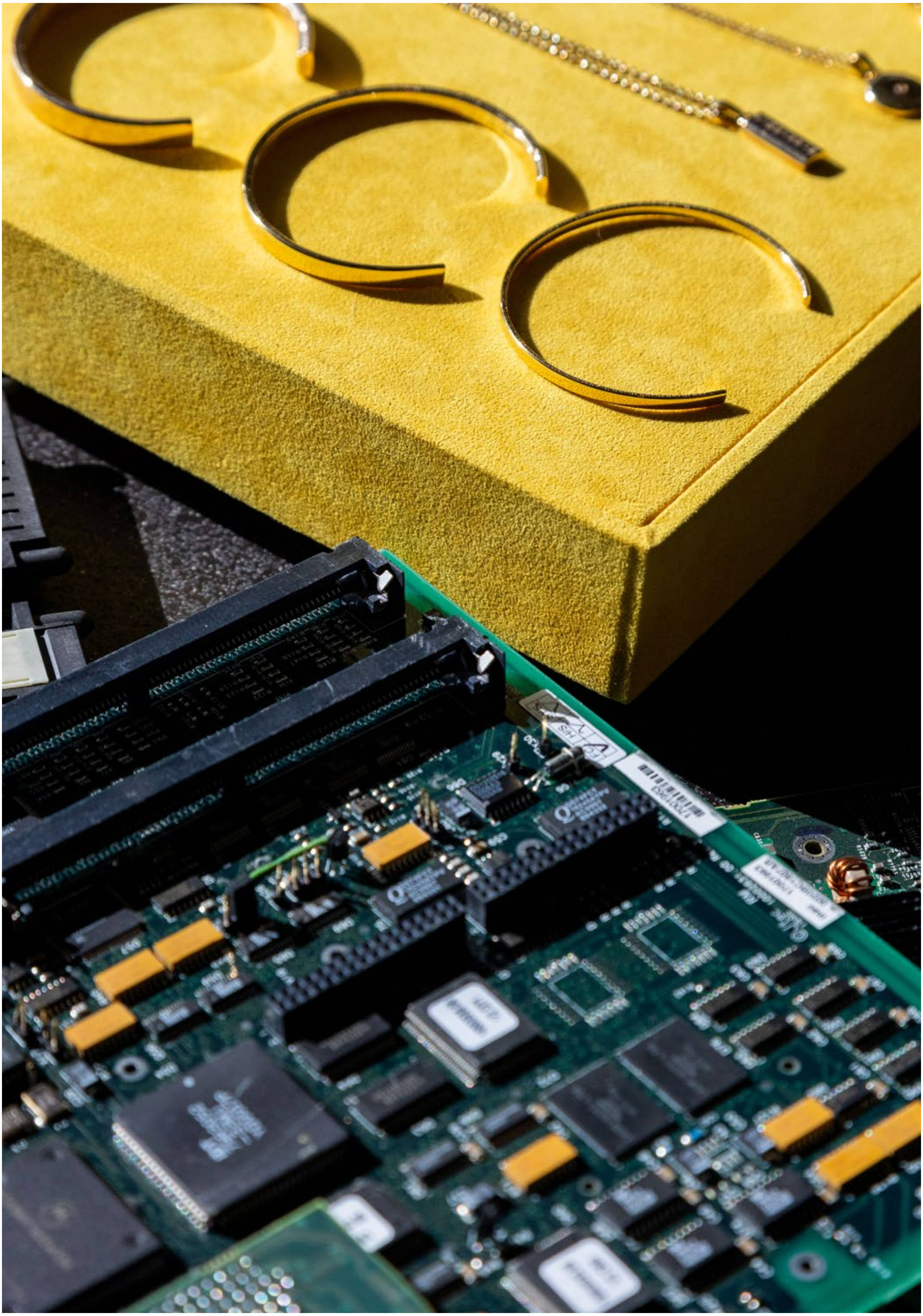
Looking ahead to 2024–25, we remain focused on delivering our business transformation strategy. Our core purpose continues to be the provision of coins and associated services to His Majesty's Treasury, whilst also executing growth plans for our existing commemorative, investment and collector services businesses. We will further develop and embed our new divisions specialising in sustainable precious metals and luxury jewellery, and fulfil final orders related to our overseas circulating coin contracts.

In this context, and aligned with our Sustainability Framework and associated focus areas, our plans include:

- unveiling our new, multi-million-pound Precious Metals Recovery plant on-site and exploring future opportunities off-site;
- expanding our capability to source additional recovered and recycled precious metals, with a focus on material provenance and lower carbon emissions;
- continuing to improve the sustainability of our packaging solutions, underpinned by a number of key principles, and with a focus on innovation, modularity and customer experience;
- as the business continues to evolve, and in light of our decarbonisation performance, we will assess the need to re-baseline our net-zero data;
- in terms of our net-zero strategy, we will focus on activities and materials that continue to present the greatest opportunity to decarbonise or are strategically relevant, including energy use, precious metals and supplier engagement;
- additionally, with respect to net zero, we will focus on data enhancement, as well as internal and external education and engagement. This will include deployment of the Emit Wise carbon accounting platform for key and strategic suppliers, and further embedding employee understanding of our decarbonisation ambitions. We will also host an inaugural 'Clean Growth Hub' event at The Royal Mint, with businesses, academia and other stakeholders, to showcase and explore industrial decarbonisation opportunities in south Wales;
- continuing to engage with suppliers on our responsible sourcing expectations, hosting our second in-person Supplier Event, and fully deploying the Sedex supply chain analytics and reporting platform, whilst embedding our enhanced tendering, onboarding and ongoing assurance processes;
- entering the third year of our partnership with Heritage Crafts, as we continue our shared aim to preserve and champion traditional precious metals skills;
- as the two-year partnership with our corporate charity Mind comes to an end, we will engage with new partners, as chosen by staff vote. For the next two years, and for the first time, we will support both a national charity and a local charity;
- continuing to invest in our people – retaining and retraining our skilled workforce into growth areas of the business, deploying phase 2 of our Leadership Framework, and launching the new Management Framework;
- further enhancing the integration of sustainability and climate-related risks into our approach to enterprise risk management. This will include the full deployment of a new risk management tool (SureCloud) to enable aggregation of individual risk registers, monitoring The Royal Mint's risk profile and providing regular reporting on profile changes to the Executive and Audit Committee.

"The Royal Mint achieved some incredible firsts this year – including our Net Zero target validation and the use of silver recovered from X-ray films. We must always strive to improve, and our commitment to operating sustainably remains central to that journey."

INGA DOAK, HEAD OF SUSTAINABILITY



Statutory Reporting

> The Royal Mint operates from a single site which 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 ISO standards.
Those of particular relevance to our environmental, including energy, performance are:

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

ENERGY CONSUMPTION AND CO_2e EMISSIONS

The use of energy continues to be a significant Scope 1 (direct GHG emissions) and Scope 2 (caused indirectly) impact of The Royal Mint's environmental operation. 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 innovative technologies.

ENERGY USE AND COSTS

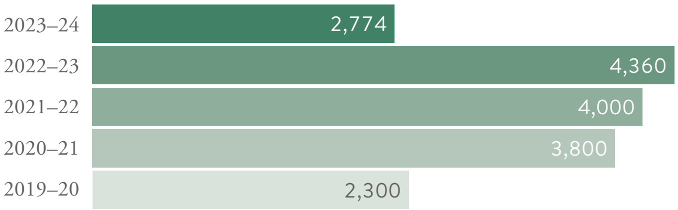
Year	Electricity Consumption (gigawatt hours)	Gas Consumption (gigawatt hours)	Energy Costs (£'000)
2023–24	21	12	4,212
2022–23	25	14	7,622
2021–22	24	19	3,550
2020–21	26	20	3,881
2019–20	30	21	4,335

During 2023–24, The Royal Mint brought online an additional wind turbine to supply electricity to the site. This additional wind turbine resulted in 17% of the energy being used on-site coming from renewable sources. 47% of the energy was supplied by the combined heat and power (CHP) plant, with the reminder of the energy being supplied from the National Grid.

EMISSIONS INTENSITY RATIO

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

Energy Consumption per Tonne of Circulating Coin (kWh/tonne)



The energy consumption figures include both consumed grid energy (electrical and natural gas), renewable from wind and solar, and the CHP-generated electrical energy.

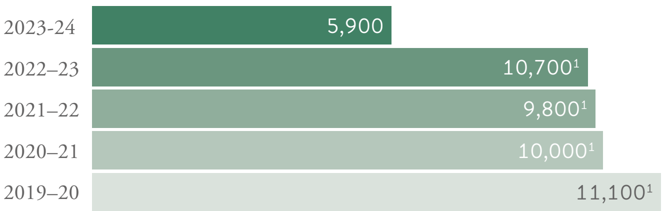
TOTAL EMISSIONS – TONNES OF CO_2eq

Total emissions for 2023–24 were 5,900 tonnes of CO_2 equivalent.

The reduction in total emissions has been brought about by turning off plants no longer in operation and changes in the energy supply via the increase of renewables and electrical energy supplied by a combined heat and power plant.

The Royal Mint has used a normalised CO_2 equivalent per tonne of Circulating Coin as a key indicator of energy efficiency.

Total Emissions Tonnes of CO_2eq



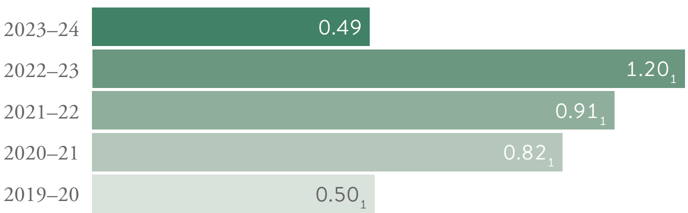
NORMALISED EMISSIONS TONNES OF CO_2eq PER TONNE OF CIRCULATING COIN

For 2023–24, normalised tonnage was 0.49 CO_2 equivalent per tonne of Circulating Coin.

The energy use per circulating coin is the current normalising factor to be used, as determined by The Royal Mint's environmental permit. It is recognised that a new normalising factor will be used in the future as the nature of The Royal Mint's business operation changes.

Based on the 2023 Greenhouse gas reporting conversion factor for electricity and gas, the CO_2 equivalent emissions for this and previous years is as per the following tables.

Normalised Emissions Tonnes of CO_2eq per Tonne of Circulating Coin



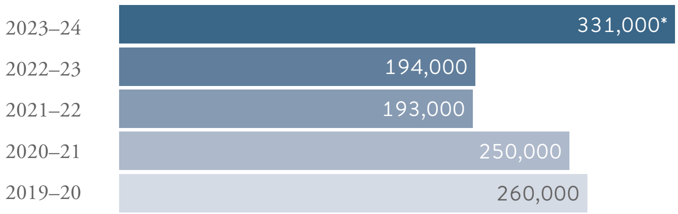
As with total emissions, the reduction in normalised emissions per tonne has been brought about by turning off the energy intensive plant, and the increase in the use of renewable and CHP-generated electricity, which has a lower carbon footprint than the grid-supplied electricity.

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 but the site also experiences issues with ageing infrastructure, and leaks do occur that are repaired as quickly as they can be identified and located.

WATER ABSTRACTED (RIVER WATER) m^3

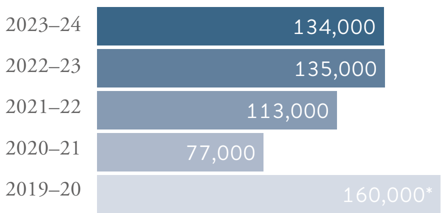
River Water Abstracted (m^3)



During 2023–24, 81,000m^3 of the abstracted river water was returned to the river a few hundred metres downstream from the abstraction point.

** The figure of 331,000m^3 records the volume of abstracted water removed from the river Ely. The pump house is located over 1,000m away from the site and there is believed to be a leak in that section of pipework, as no leak has been identified on-site. Investigations continue to reduce the volume to previous abstracted levels.*

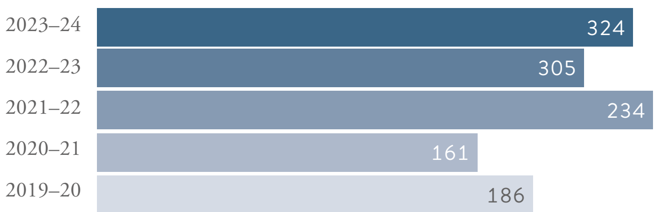
Mains Water Supplied (m^3)



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

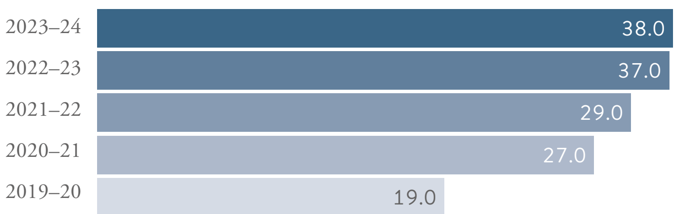
COST OF MAINS SUPPLIED WATER

Cost of Water Supplied (£'000)



WATER USAGE PER TONNE OF CIRCULATING COIN

Water Usage per Tonne of Circulating Coin (m^3)



WASTE

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

Year	Hazardous Waste (Tonnes)	Non-Hazardous Waste (Tonnes)	Recycled/Recovery (Tonnes)
2023–24	3,100	3,957	4,022
2022–23	3,300	5,707	5,724
2021–22	3,295	5,966	5,979
2020–21	3,049	6,789	7,440
2019–20	5,807	11,349	14,445

The waste figures are calculated from data supplied by internal weighing and information supplied by The Royal Mint's principal waste contractors as of 16 April 2024.

Of the 3,100 tonnes of hazardous waste produced, 983 tonnes was filter cake waste produced by the on-site effluent water treatment plant, this waste is going to landfill as there is currently no known permitted recovery site that can receive the waste.

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

REPORTING AND DATA

The following data-sets are calculated to comply with the Streamlined Energy and Carbon Reporting (SECR) regulations. Emission scopes and scope categories, data sources, and calculation methodologies are consistent with previous years. This includes reporting against a more limited set of Scope 3 categories, and retrospective updating of conversion factors which are revised by the UK government year on year. While this approach remains valid, some data-sets may vary to that reported by The Royal Mint for formal net zero performance reporting which follows a comprehensive GHG accounting methodology, as set out in that section and detailed in the Appendix to the Sustainability Report.

GHG SCOPE ANALYSIS

Tonnes of CO_2e		2019–20	2020–21	2021–22	2022–23	2023–24
Scope 1	Natural gas usage (Heating and Furnaces)	3,870 [1]	3,730 [1]	3,350 [1]	2,610 [1]	2,270 [1]
	Use of vehicles owned by The Royal Mint	1	1	0	16	14
	Fugitive emissions (e.g. air conditioning and refrigeration leaks)	10	186	0	0	0
Scope 2	Electricity usage	6,120 [2]	5,420 [2]	5,000 [2]	6,940 [2]	2,990
Scope 3	Electricity transmission	530 [1]	470 [1]	430 [1]	320 [1]	140
	Business travel	280	32	803	540	406
	Water supply	28 [1]	14 [1]	20 [1]	24 [1]	24
	Water treatment (off-site)	20 [1]	13 [1]	13 [1]	8 [1]	9
	Waste disposal	252	149	135	123	86

1. The fugitive emissions (from air conditioning and refrigeration leaks) figure has 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 92 kilogrammes of refrigerant gas from two pieces of equipment on-site.

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

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

In the 2019 GHG Conversion Factors, there was a 10% decrease in the UK Electricity CO_2e factor compared to the previous year. In the 2020 update, the CO_2e factor decreased (compared with 2019) again by 9%. In the 2021 update, the CO_2e factor 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.

In the 2023 update, the UK Electricity CO_2e factor increased by 7% (compared to the 2022 update) due to an increase in natural gas use in electricity generation and a decrease in renewable generation.

The CHP plant Electricity CO_2e factor as supplied by Infinite Renewables (the service provider) is 0.1386kg CO_2e per kWh of energy supplied.

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

DATA SOURCES, INCLUDING CONVERSION FACTORS

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

Since 2022–23, for transport, the Scope 1 emissions are now based on litres of fuel purchased on Royal Mint fuel cards.

Business travel is gathered from information supplied to The Royal Mint from purchased transport and expenses claimed.

For the purpose of this report, The Royal Mint has used the UK Government Conversion Factors 2023 Condensed Set for Most Users V1.1. Where relevant, historic numbers have been restated from prior years to align with the latest set of conversion factors and be presented on a consistent basis.

Appendix to Sustainability Report

GREENHOUSE GAS ACCOUNTING METHODOLOGY

APPROACH

The methodology used by The Royal Mint for calculating GHG emissions and subsequent net zero performance reporting follows the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard Revised Edition (2015), using DEFRA conversion factors unless otherwise stated.

A specialist carbon consultancy (Capstone) was previously engaged to support the development of baseline year emissions and subsequent net-zero targets, which have been validated by SBTi.

Reporting Year 1 and 2 emissions were calculated in-house, and subject to successful independent verification (with limited assurance). Refer to page 32 for further information.

An internal operating procedure is also maintained to provide a record of and a consistent approach to the calculation of relevant Scope 1, 2 and 3 emissions.

SCOPE 3 CATEGORIES REPORTED

The Royal Mint has identified the following Scope 3 emission categories as being material to its operations and reported related emissions accordingly:

Categories 1 & 2: *Purchased goods and services and Capital goods*

Category 3: *Fuel- and energy-related activities*

Category 5: *Waste generated in operations (see also exclusions below)*

Category 6: *Business travel (see also exclusions below)*

Category 7: *Employee commuting*

Category 8: *Upstream leased assets*

Category 12: *End-of-life treatment of sold products*

Category 15: *Investments*

KEY ASSUMPTIONS AND MODELLING IN CALCULATING SPECIFIC SCOPE 3 EMISSIONS:

Category 1 – Purchased Goods and Services: Spend-based methodology and supplier specific information applied.

Emissions from downstream and upstream transportation and distribution are included in the 'Purchased Goods & Services' category because they used spend-based date. We are working on using more activity-based and consumption data in the future and will aim to separate out the emissions in their respective categories in future reporting years.

Category 2 – Capital Goods:

Quantity-based methodology was applied, using conversion factors from industry averages, reports commissioned by The Royal Mint, and supplier-specific information.

In terms of the definition of mined and recycled gold (and silver), there are ongoing discussions and debates within the precious metals industry on this subject and The Royal Mint has been actively engaging with all the major industry bodies and non-governmental organisations (NGOs). The position taken for GHG accounting purposes can be made available by contacting The Royal Mint at +44 (0)1443 222 111.

Category 6 – Business Travel:

For data (e.g. hire cars), where spend only was available, we modelled fuel use based on a 50-50 (petrol-diesel assumption) split.

For taxis and public transport a £/passenger km assumption was applied following Welsh Guidelines.

For flights, where spend only was available, a £ spent conversion factor was applied following DEFRA Guidelines.

Category 7 – Employee Commuting: In the absence of employee-specific information regarding commuting preferences, commuting assumptions followed Welsh Guidelines.

Category 12 – End-of-life Treatment of Sold Products:

Operational & Transit Packaging: modelled weight according to packaging specifications and assumes worst case where 100% of all packaging materials enter the commercial waste stream through the most likely disposal route.

The Royal Mint Experience Gifts: weighing exercise undertaken and assumes worst case where 100% of all packaging materials enter the commercial waste stream through the most likely disposal route.

Category 15 – Investments:

The Royal Mint has a 23.4% shareholding in Sovereign Rarities. The company operates from a single office floor in a leased office location (1,403 sq ft). Electricity is the only utility used. Estimated annual energy consumption based on floor area using CIBSE Benchmarks (Guide F) – 226 kWh/m^2.

EXCLUSION OF SPECIFIC SCOPE 3 SUB-CATEGORIES

The Royal Mint has currently excluded the following Scope 3 sub-categories from its reporting:

Category 5: Waste Generated in Operations (Wastewater Treatment)

The decision to exclude emissions from mains water and water treatment from our calculations is based on the following considerations:

1. On-site Water Treatment:

   a) Our operations involve treating a mix of river-abstracted water and mains water on-site before releasing it back.

   b) Due to the lack of exact quantities of mains water and river-abstracted water being treated, it is challenging to accurately account for the associated emissions.

2. Avoidance of Double Counting:

   a) To prevent double counting, we decided to only account for the water treated on-site through the Water Treatment Plant lines 24 and 25.

   b) This approach ensures that some, albeit not all, of the mains water and river-abstracted water is considered, avoiding the potential for double counting in our emissions inventory.

3. Mains Supply Conversion Factor:

   a) The mains supply conversion factor provided by the UK Government is based on the average power used by water companies to supply freshwater across the UK. Since the power for the pumping equipment is already included in our electricity consumption (Scope 2), reflecting this again in our emissions calculations would lead to potential duplication and overestimation.

Category 6: Business Travel (Hotel Stays)

The emissions from hotel stays have been excluded from our calculations based on the following considerations:

   a) In accordance with the GHG Protocol, including emissions from hotel stays is optional.

   b) Based on our existing emissions profile, hotel stays are likely to have an immaterial impact on our organisational GHG emissions footprint.

Group Financial Summary

	2023–24 £'000	2022–23 £'000	2021–22 £'000	2020–21 £'000	2019–20 £'000
UK Revenue	355,898	557,341	463,676	441,222	205,003
Overseas Revenue	996,564	1,320,823	939,824	615,739	363,628
Total Revenue	1,352,462	1,878,164	1,403,500	1,056,961	568,631
Operating profit before IFRS 9-related items and exceptional items	4,541	17,947	18,283	13,177	943
IFRS 9-related items (note 5)	641	1,443	312	843	789
Exceptional items (note 5)	(6,248)	(5,211)	(426)	(788)	(251)
Operating (loss)/profit	(1,066)	14,179	18,169	13,232	1,481
Share of associate	179	415	663	593	212
Net interest charge	(3,005)	(1,470)	(645)	(918)	(1,499)
(Loss)/profit before tax	(3,892)	13,124	18,187	12,907	194
Taxation	457	(2,717)	(4,812)	(2,694)	(1,190)
(Loss)/profit after tax	(3,435)	10,407	13,375	10,213	(996)
Net assets	155,257	153,158	132,892	112,516	94,078
Operating profit before IFRS 9-related items and exceptionals/sales	0.3%	1.0%	1.3%	1.2%	0.2%
Operating profit/sales	(0.08%)	0.8%	1.3%	1.3%	0.3%

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 of Edgbaston.

During the year there were six meetings, all of which were held in person. In addition, there were two meetings of the Sub-Committee on the selection of themes for new United Kingdom coins, both of which were held in an online format. Over the course of the reporting year the Committee examined designs for 30 themes (2022–23: 32), a number of which were part of larger series requiring the selection of more than one design. It was also necessary during the year to hold a number of single-item agenda meetings, primarily to discuss design revisions to the definitive series of coins noted below.

DEFINITIVE DESIGNS FOR KING CHARLES III

The portrait of His Majesty King Charles III for the United Kingdom coinage was prepared by the sculptor Martin Jennings. As well as a new portrait there is also a requirement at the start of a new reign to prepare designs for the reverse side of the coins, from the penny to the two pounds, used in daily circulation. For the greater part of the last several hundred years, heraldry has provided the main route through which national British identity has been symbolised on the coinage. There are, though, exceptions. The wren on the pre-decimal farthing issued from 1937 and the series of national floral emblems on one pound coins of the 1980s provided an alternative approach. Aligning with the King's interest in the natural world, when it came to preparing a design brief for the new definitive coins of his reign, it was judged appropriate to commission artwork inspired by the flora and fauna of the United Kingdom.

The selection process for the Committee extended over several months and involved working closely with Buckingham Palace. A number of themes and approaches were explored before agreement was reached on a series which includes bees, a salmon, a dormouse, a puffin, a squirrel, a capercaillie, oak leaves and flowers of the four constituent parts of the United Kingdom. At the launch of the eight designs in October 2023 they were extremely well received by the media and more generally. Attention was drawn to the historic break with the tradition of heraldry and it was acknowledged that they consciously spoke to the importance of conservation and climate change. A number of the animals chosen for the series had suffered declining numbers arising from threats to their habitats but campaigns have started to reverse this, all of which formed part of the story behind the new series.

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 relate to coins that will be released later in 2024 or 2025.

The following examples provide a flavour of the range of themes that have been considered and some of the design challenges with which members grapple in making recommendations.

Celebrating modern British popular culture has formed a growing element in the programme of commemorative coins in recent years and, amongst other themes, this has encompassed literature, music, design and films. In the category of films, designs for a series of coins celebrating the decades-long James Bond franchise were reviewed by the Committee, a process that involved employing imagery relating to the innovative technology and vehicles featured in the films. One objective was to capture something of the excitement and drama of the scenes and, as a background to each coin in the series, the titles of the films were reproduced in extremely small lettering. The selection process involved working with licensed assets, showing imagery from the films, and the challenge for the designers and members of the Committee was to work out how best these could be adapted to the format of a coin without losing the integrity of the original images.

The Committee is provided with summary details of publicity reports when a commemorative coin is launched which can provide welcome endorsement of designs selected by members and inform the decision-making process. A particularly notable instance of this arose with respect to the coin to celebrate the work of the late George Michael which formed part of the Music Legends series. It was evident how this coin had appealed to a diverse customer base and generated a substantial amount of media interest.

Cultural institutions help define what is important to a country and it is, therefore, a natural step to seek to commemorate them on the coinage. The bicentenary of the National Gallery fell in 2024, an occasion the Gallery itself harnessed to celebrate its history but also to look forward into its third century of bringing people and paintings together. But how to approach a theme about art through the art of coinage design? One solution would have been to focus on some of the most well-known paintings in the Gallery or to look back to some of the first works of art to have been acquired, but both these approaches ran into the difficulty of being too narrow in the context of the vast range of styles and periods on public display. The Gallery's location provided a solution. Overlooking Trafalgar Square, and as a result being one of the most prominent buildings in London, it was decided to direct artists to the fabric of the building itself and that way seek to encompass all that the Gallery represents. The wood engraver, Edwina Ellis, prepared the artwork incorporating the classical façade and distinctive dome, adding to her successful record as a freelance designer of United Kingdom coins.

Having such a long history, the British coinage has over many centuries been regarded with enduring affection. Guineas and threepences, shillings and Sovereigns were fondly regarded when in active circulation and the sixpence, too, can be included within these ranks. It acquired a wider significance beyond money when a silver sixpence started to be given as a gift to a bride on her wedding day and, in recognition of this, a few years ago a modern version of the pre-decimal sixpence was designed. For the new reign it was thought appropriate to update this and the result was an elegant intertwining of floral emblems, woven in and out of the lettering and date, with the crown of the new reign at its centre. It is the work of heraldic artist Quentin Peacock and, when it came before the Committee for consideration, it was regarded as one of the most well resolved and attractive designs seen in many years.

OFFICIAL MEDALS

The remit of the Committee includes making recommendations to a range of government departments on the design of official medals and seals.

During the reporting period, approval was granted for the award of an official medal to recognise military and civilian personnel who supported the United Kingdom's nuclear testing programme in the 1950s and 1960s. A design by Timothy Noad was approved which depicts a diagrammatic representation of an atomic nucleus surrounded by a wreath. Approval was also granted to institute a medal to be presented to the next of kin of those killed in the course of public service. It was again Timothy Noad who won through the selection process with a design focused on the inscription FOR A LIFE GIVEN IN SERVICE encircled by a wreath of rosemary and surmounted by a crown.

For its role in facilitating the design of coins and medals required for the new reign, and not least for the Coronation ceremony itself, the Chair and members of the Committee were awarded Coronation Medals. On behalf of the Committee, Baroness Stuart expressed her gratitude to His Majesty and also to Colonel Vernon for making the presentation.

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 two meetings of the Sub-Committee, the focus of attention being the programmes for 2024 and two to three years extending beyond. An important consideration for the Sub-Committee in selecting themes is that, where possible, they reflect modern British life, as well as celebrating the history and culture of the country.

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 Stuart, who in the reporting year completed her third year as Chair, has provided clear leadership over the Committee's complex and sensitive deliberations, combining a collegiate spirit with an instinctive grasp of broader cultural and political considerations. It would also not be possible for the Committee to operate as it does without the involvement of a team at The Royal Mint, encompassing market research, technical expertise and secretarial support.

A recruitment process for two new members reached its conclusion in November 2023 with the appointment of the art historian Alexandra Harris and the artist Adam Dant. They will serve for an initial term of five years, with the option being available for them to serve for a further five-year term, subject to Ministerial approval. Officials in HM Treasury provide essential support in ensuring all aspects of the appointment process conform to the relevant guidance and they are invaluable in securing Ministerial and Royal approvals.

In March 2024, the Committee learned of the death of Professor Phil Baines. He had been in declining health for a number of years, attending his last meeting as a member a year earlier. He was the Committee's lettering expert and spoke to this brief with considerable authority derived from a long career as a teacher and writer. Not only was he able to improve the quality of designs through his remarkably attuned eye for detail but he also contributed valuably to discussions more generally on matters of composition.

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 2024 (with dates of appointment):

Rt Hon Baroness Gisela Stuart of Edgbaston
CHAIR
(March 2021)

Mrs Blondel Cluff CBE
CHAIR, WEST INDIA COMMITTEE
(March 2014)

Mr Adam Dant
ARTIST
(November 2023)

Ms Alexandra Harris
ART HISTORIAN
(November 2023)

The Rt Hon Lord Parker of Minsmere GCVO KCB
LORD CHAMBERLAIN
(April 2021)

Mr Hughie O'Donoghue RA
PAINTER
(January 2015)

Professor Jane Ridley
HISTORIAN
(January 2015)

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

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

Sean Jones
ACCOUNTING OFFICER
25 July 2024

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 Sean Jones as Accounting Officer of the Royal Mint Trading Fund during the year, replacing Tim Jarvis from 18 September 2023. 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 by liaising with his predecessor and delegated authorities, 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.

Sean Jones became Accounting Officer on 18 September 2023 and has liaised with his predecessor and the delegated authorities outlined above to gain assurance over the system of internal control for the period he was not in post.

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 OF DIRECTORS AND ITS COMMITTEES

During the year, the Board of Directors comprised the Chairman, six Non-Executive Directors and four Executive Directors (the Chief Executive, Chief Financial Officer, Managing Director Currency and Chief Commercial Officer). The Board met ten times in 2023–24 (2022–23: ten times). Attendance by members at the Board and Committee meetings is set out below in relation to how many meetings they attended whilst in office:

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Anne Jessopp	10	4	6	3
Andrew Mills	10	n/a	n/a	n/a
Nicola Howell	10	n/a	n/a	n/a
Huw Lewis	6/6	3/3	n/a	n/a
Graham Love	10	4	6	3
William Spencer	10	4	1	3
Shimi Shah	10	n/a	6	2
Andrew Butterworth	9	4	1	3
Kate Barnett	10	4	1	3
Matthew Woolsey	9	4	1	2
Lisa Montague	10	n/a	6	3
Number of meetings	10	4	6	3

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

Huw Lewis resigned as a Director on 28 November 2023. Steve Payne was appointed as interim Chief Financial Officer on 13 November 2023 without becoming a Director, attending two Board meetings before leaving the business on 23 February 2024.

THE ROLE OF THE BOARD OF THE ROYAL MINT LIMITED

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 Company, functions and any frameworks that may be agreed with the shareholder.

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

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

The Board reviews its effectiveness in a number of ways, including commissioning external reviews and conducting internally facilitated reviews in line with good corporate practice.

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 to women should be at most 75:25 and our Board exceeded this during the year at 47:53, based on attendance in 2023–24.

AUDIT COMMITTEE OF THE ROYAL MINT LIMITED

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

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

REMUNERATION COMMITTEE OF THE ROYAL MINT LIMITED

The Committee comprises no fewer than three Non-Executive Directors and meets at least twice a year. Remuneration decisions are guided by a Remuneration Framework, which was agreed with HM Treasury at the time of The Royal Mint Limited's vesting and subsequently updated and approved by HM Treasury in May 2020. The Committee's primary role is to determine, in reference to this framework, the remuneration and performance-related incentive schemes of the Directors and Executive Management Team, subject to the consent of UK Government Investments (UKGI) if applicable. The Terms of Reference for the Committee are available on The Royal Mint Limited's website, and the Remuneration Report is set out on page 52.

NOMINATIONS COMMITTEE OF THE ROYAL MINT LIMITED

The Nominations Committee comprises all Non-Executive Directors and meets as and when necessary. The Committee works with UKGI to appoint Board members on the following basis:

- the Chairman is appointed by the HM Treasury Minister on advice from HM Treasury and UKGI, in consultation with the Chief Executive and the Nominations Committee;
- the Chief Executive appointment is approved by the HM Treasury Minister, on advice of the Chairman, HM Treasury and UKGI and in consultation with the Nominations Committee; and
- the Nominations Committee in consultation with UKGI and with UKGI's consent makes other Board appointments.

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

EXECUTIVE MANAGEMENT TEAM OF THE ROYAL MINT LIMITED

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

The roles and responsibilities of the Executive Management Team are:

- the implementation of the plan and efficient operation of the business;
- the development and subsequent implementation of a long-term strategy in conjunction with the board;
- the development of an annual budget, for approval by the Board;
- the approval of capital expenditure over £150,000 and major contracts that don't require Board approval;
- monitor the risk profile in line with Board's risk appetite, oversee a risk management culture and a framework of effective controls;
- the development and implementation of performance improvement programmes;
- the establishment, maintenance and development of operating procedures; and
- with reference to the Remuneration Committee, develop remuneration systems for staff, including performance-related pay.

GOING CONCERN

The 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 2023–24 the Trustees met on four occasions. They have the authority to appoint new Trustees and to direct the use of the Museum's financial and other resources. Trustees are appointed for an initial term of three years, renewable for a maximum of two further three-year terms. New Trustees undergo an induction to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Meetings of the Trustees are attended by members of the Museum's management team, in particular the Director of the Royal Mint Museum, and members of the financial support team, who present papers on their areas.

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

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

RISK MANAGEMENT

Under the guidance of the Board of Directors and Audit Committee, The Royal Mint Group's risk management processes are undertaken by the Executive Management Team. They focus on the identification and management of the key risks that could affect the achievement of The Royal Mint Group's policies, aims and strategic objectives.

The Board of Directors set the risk appetite for The Royal Mint Group and, as part of its oversight process, has input into the procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives. It undertakes a review of risk management at least annually and reviews each major risk as a separate agenda item at least once a year.

The Executive Management Team is responsible for overseeing the effective establishment and maintenance in operation of a management framework that evaluates and manages risk, which the team perform on a monthly basis as part of their review mechanism.

The Royal Mint Group's risk management framework and practice aim to follow guidance issued by HM Treasury. Together with a series of operational risk registers covering each of the areas they are responsible for, the Executive Management Team reviews the risk profile and maintains a register of key corporate risks. Updated regularly, these registers evolve as new risks are identified and formally elevated to the risk register.

RISK MANAGEMENT

The Royal Mint Group's Principal Risks and Uncertainties have been assessed as those which would threaten its business model, future performance, solvency or liquidity and reputation. This assessment has considered emerging risks and movement in established Principal Risks and Uncertainties. In 2023–24 these were in the following areas:

	Risk	Change	Impact	Mitigation
1.	The uncertain impact of global, geo-political and macro-economic events, including the ongoing war between Russia and Ukraine.	↑	Geo-political events may impact through the introduction of new customer or supplier sanctions, loss of overseas markets or logistic challenges for supply chain.	Close monitoring of sanctions and supply chain management.
2.	Unsuccessful investment in new technologies.	→	Limited supplies of raw materials may lead to higher costs or disruption during production.	Management of supply chain and production demand scheduling as well as financial strategies such as commodity hedging are in place.
3.	Reduced attractiveness of coins in a coinless world as digital currency is adopted.	↑	The societal move from coin usage to digital payments continues. This may also lead to a reduction in demand for commemorative coins and other Royal Mint products.	The strategic plan for diversification provides for alternative and growing income streams.
4.	Cyber security and significant fraud.	↑	Fraud and financial crime, as well as the loss of consumer or employee data, present both a reputational and financial impact from losses and potential fines. Overall risk levels have increased due to geo-political instability and further evolution of consumer fraud and cyber crime methods.	Cyber security and counter fraud controls are in place and reviewed regularly. Cyber security is tested annually as part of the Internal Audit plan.
5.	Physical security, and health and safety.	→	Any breach of The Royal Mint's regulatory or legal obligations in health and safety, compliance with environmental permits or the operation of an upper-tier COMAH site may have financial, reputational, or legal impacts. Any security breach could impact The Royal Mint's trusted brand.	Security, health and safety and environmental controls are embedded and regularly tested. External regulators such as Natural Resources Wales carry out inspections, and the COMAH status is overseen by the Competent Authority.
6.	Attracting and motivating people in the changing world.	→	Geo-political events may impact through the introduction of new customer or supplier sanctions, loss of overseas markets or logistic challenges for supply chain.	Close monitoring of sanctions and supply chain management.
7.	Failure to change perception through our brand and global awareness.	→	Limited supplies of raw materials may lead to higher costs or disruption during production.	Management of supply chain and production demand scheduling as well as financial strategies such as commodity hedging are in place.
8.	Maximising value from our Currency operations in the UK.	→	UK currency operations may have an adverse impact on profitability if efficiency and value are sub-optimal.	Regular review and adjustment of currency demand and production forecasts to optimise value.
9.	Failure to meet ESG targets.	→	A commitment to near (2030) and long-term (2050) decarbonisation targets has been made. The Royal Mint's strategic commitment to be a leader in sustainable precious metals could be impacted by a failure to meet the committed reductions.	An ESG programme is in place and overseen by an Executive Steering Committee. Progress against net zero plans is monitored and was validated by the Science Based Targets initiative (SBTi) in August 2023, against a baseline year of FY21/22.
10.	Failure to scale existing businesses or to launch new businesses.	→	Any reduction in the ability of current businesses to scale and contribute investment will impact the strategic growth plan.	Regular monitoring of strategic business plans.

INTERNAL CONTROL

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

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

In particular, it includes:

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

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

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

INTERNAL AUDIT

The Royal Mint Group operates internal audit arrangements to standards defined in the Public Sector Internal Audit Standards. During 2023–24, KPMG LLP undertook this function on the Royal Mint Group. Its annual audit plan and the results of its audit, including recommendations for improvement, are presented to the Audit Committee. It also provides an independent opinion on the adequacy of The Royal Mint Group's system of internal control. On the basis of evidence obtained during 2023–24, the Head of Internal Audit continued to provide a limited level of assurance that the framework of governance, risk management and control is appropriately defined and working effectively throughout 2023–24.

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 2023–24 consolidated annual accounts. On the basis of evidence obtained during 2023–24, 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 2023–24 (2022–23: four times). The Trustees have identified the major risks to which the Museum is exposed with the policy objective being to minimise the impact on the Museum. Risks have been individually assessed based on likelihood and impact under the headings of assets, operations and finance. Control measures have been identified for each of the risks to mitigate them to what is judged to be an acceptable level.

Key principal risks are:

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

ARMS-LENGTH BODIES

The Royal Mint Advisory Committee is an associated arms-length body. The Committee's activities in the year are summarised on page 44.

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 (2022–23: £nil 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 auditor of The Royal Mint Limited and comments made by the external auditor 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.

Sean Jones
ACCOUNTING OFFICER
25 July 2024

Remuneration and Staff Report

REMUNERATION COMMITTEE OF THE ROYAL MINT LIMITED

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

REMUNERATION POLICY

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

EXECUTIVE MANAGEMENT TEAM

At 31 March 2024, the team was made up of eight roles:

- Chief Executive;
- Chief Commercial Officer;
- Managing Director Currency;
- Director of Operations;
- Chief Financial Officer (role vacant at 31 March 2024);
- Chief People Officer;
- 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 regular external benchmarking 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 2023–24. 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. STIP awards are disclosed and accrued in the year they are earned. The maximum amount it was possible to earn for 2023–24 was 33% of the basic salary for the Chief Executive and 30% of the basic salary for the other members of the Executive Management Team.

iii. Long-Term Incentive Plan (LTIP)

The LTIP is in place to reward and recognise achievement of the strategic and sustainable development of the business. Targets relate to EVA and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), and combine single and three-year timescales. The maximum amount it is possible to earn under each LTIP scheme is 33% of the basic salary for the Chief Executive 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 2023–24. One started in 2021–22 and concluded in 2023–24 and any amount earned will be paid in 2024–25; the second started in 2022–23 and any amount earned will be paid in 2025–26. The third started in 2023–24 and any amount earned will be paid in 2026–27.

iv. Pension Scheme

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

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

v. Discretionary Benefits Allowance

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

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

The 2023–24 targets set by the Remuneration Committee in April 2023 were not met, so no amounts were earned under the STIP or under the single year timescale of the LTIP. The amounts earned under the LTIP in the following table reflect the achievement over the three-year timescales within the plan.

vi. 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 2023–24 £'000	Remuneration before incentives 2023–24 £'000	STIP amounts earned 2023–24 £'000	LTIP amounts earned 2023–24 £'000	Pension benefits 2023–24 £'000
Anne Jessopp	364	249	-	20	95
Andrew Mills	221	154	-	9	58
Leighton John	191	132	-	8	51
Nicola Howell	194	164	-	10	20
Sean Millard	164	147	-	8	9
Huw Lewis	154	149	-	-	5
Caroline Webb	156	137	-	6	13
Amanda Brady	150	131	-	3	16

Board members during the year were Anne Jessopp, Andrew Mills, Nicola Howell and Huw Lewis. Huw Lewis resigned as a director and left the business on 28 November 2023. His remuneration for the year includes payment in lieu of notice. The full year equivalent under normal circumstances was £146,000.

Fraser Forbes, Director of Supply Chain, and Steve Payne, Interim Chief Financial Officer, were contracted to work for The Royal Mint under rolling agency contracts as part of the Royal Mint Limited Executive Management Team but were not directors of the Royal Mint Limited. Fraser Forbes was in position at the start of the year and left on 30 November 2023, with total payments made to the external agency amounting to £108,000. Steve Payne joined on 13 November 2023 and left on 23 February 2024, with total payments made to the external agency amounting to £144,000.

REMUNERATION AND INCENTIVE PLANS (AUDITED)

Executive Management Team of The Royal Mint Limited	Total remuneration 2022–23 £'000	Remuneration before incentives 2022–23 £'000	STIP amounts earned 2022–23 £'000	LTIP amounts earned 2022–23 £'000	Pension benefits 2022–23 £'000
Anne Jessopp	462	229	73	76	84
Andrew Mills	284	148	44	37	55
Leighton John	240	125	37	31	47
Sarah Bradley	85	61	-	-	24
Nicola Howell	234	140	42	35	17
Sean Millard	185	132	36	9	8
Huw Lewis	186	132	36	10	8
Caroline Webb	191	132	36	11	12
Amanda Brady	77	50	15	-	6

Amanda Brady was appointed as Chief People Officer in November 2022 and therefore her prior year remuneration is only shown from that date. The total full year equivalent was £178,000. Sarah Bradley resigned as Director of HR and SHE in September 2022 and therefore her prior year remuneration is only shown up to that date. The total full year equivalent was £170,000.

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, Caroline Webb and Amanda Brady are members of The Royal Mint Personal Pension Plan, a defined contribution scheme.

PAY MULTIPLES (AUDITED)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the remuneration of the employees at the 25th, 50th and 75th percentile of the organisation's workforce. The 50th percentile is also known as the median, the midpoint of our range of salaries. For the purpose of this disclosure, the remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include pension contributions or the cash-equivalent transfer value of pensions. To keep comparisons consistent, it also does not include compensation for loss of office or any one-off or special additional payments. Using this basis, in 2023–24 the remuneration of the highest-paid director of The Royal Mint Limited was £269,398 (2022–23: £377,974) and the average remuneration (excluding highest-paid director) was £44,513 (2022–23: £44,673).

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
2023–24	9.0	7.2	5.8
2022–23	11.5	9.4	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
2023–24	£30,032	£30,032	£37,639	£37,639	£46,254	£46,254
2022–23	£32,757	£28,303	£40,235	£39,228	£48,468	£47,799

Average % change in the remuneration of the workforce as a whole from 2022–23 to 2023–24 (excluding highest-paid director)		Percentage change in the remuneration of the highest-paid director from 2022–23 to 2023–24	
Salary & allowances	Performance pay & bonuses	Salary & allowances	Performance pay & bonuses
10.5%	(98.7)%	8.6%	(86.2)%

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 2023–24. The salary and allowances reflect the change in the nature of our workforce to meet evolving business needs. These include the annual pay review and the agreement reached with the unions in 2023–24 to incorporate the first £500 of maximum payable profit share into employees' base salaries, a 5% general increase and an increase of 9% in the national living wage during the year. The reduction in 'performance pay and bonuses' for the workforce primarily reflects the fact that zero profit share and limited sales bonuses were accrued in the year due to lack of 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 2024 £'000	Real increase in pension and related lump sum at pension age £'000	Cash Equivalent Transfer Value at 31 March 2024 £'000	Cash Equivalent Transfer Value at 31 March 2023 £'000	Real increase in Cash Equivalent Transfer Value
Anne Jessopp	50–55	5–7.5	915	619	74
Andrew Mills	45–50	2.5–5	863	701	53
Leighton John	15–20 plus lump sum of 30–35	2.5–5 plus lump sum of 0–2.5	337	254	33

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.

The pension benefits of any members affected by the public service pensions remedy which were reported in 2022–23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023–24 on the basis of PCSPS membership for the same period.

EMPLOYMENT AGREEMENTS

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

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

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

The Chairman is engaged under a letter of appointment from UKGI under delegated authority from HM Treasury. The other Non-Executive Directors apart from Andrew Butterworth are appointed by The Royal Mint Limited 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.

	2023–24 £'000	2022–23 £'000
Graham Love	47	47
Xenia Carr-Griffiths	-	11
Cheryl Toner	-	10
William Spencer	25	25
Shimi Shah	23	21
Kate Barnett	20	20
Matthew Woolsey	20	12
Lisa Montague	20	12

Matthew Woolsey and Lisa Montague were both appointed on 26 September 2022, with total full year equivalents of £20,000.

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

In addition, Non-Executive Directors are reimbursed for reasonable travel and subsistence expenses claimed in the performance of their duties and the total amount paid to the Non-Executive Directors (gross of tax and national insurance) in 2023–24 was £9,000 (2022–23: £10,000).

Andrew Butterworth received no fees from The Royal Mint Limited.

Staff costs (audited)

TOTAL GROUP STAFF COSTS

	2023–24		2022–23	
	£'000	£'000	£'000	£'000
Wages and salaries				
Staff with a permanent contract	39,036		42,127	
Other staff	1,471		986	
		40,507		43,113
Social security costs				
Staff with a permanent contract	4,018		3,983	
Other staff	158		105	
		4,176		4,088
Other pension costs				
Defined benefit:				
Staff with a permanent contract	2,573		2,679	
Defined contribution:				
Staff with a permanent contract	2,934		2,624	
Other staff	121		67	
		5,628		5,370
		50,311		52,571

AVERAGE NUMBER EMPLOYED

The monthly average number of people, including Directors, employed during the year:	2023–24		2022–23	
	Number	Number	Number	Number
Production				
Staff with a permanent contract	466		482	
Other staff	9		5	
		475		487
Sales and Marketing				
Staff with a permanent contract	246		234	
Other staff	11		8	
		257		242
Administration				
Staff with a permanent contract	162		167	
Other staff	5		13	
		167		180
		899		909

DIRECTORS' EMOLUMENTS

	2023–24 £'000	2022–23 £'000
Aggregate emoluments excluding long-term incentive scheme	870	1,003
Aggregate amounts receivable under long-term incentive scheme	40	158
Contributions under defined contribution pension scheme	25	25
Highest-paid Director:		
Total amounts of emoluments and amounts receivable under long-term incentive scheme	269	378
Accrued defined benefit pension at year-end	52	42
Accrued lump sum at year-end	915	738

Retirement benefits accrued to two Executive Directors under a defined benefit scheme during the year (2022–23: two).

EXIT PACKAGES

The Royal Mint Limited has run a voluntary release scheme during the year, enabling staff to request to leave and, if approved, receive a one-off payment. The employees who had left, or had signed agreements to leave, The Royal Mint Limited by the end of March 2024 are summarised below and the costs are included within the total Total number of exit packages by cost band

	2023–24	2022–23
Exit package cost band		
< £10,000	1	-
£10,000 - £25,000	8	-
£25,000 - £50,000	53	3
£50,000 - £100,000	6	-
£100,000 - £150,000	1	-
Total number of exit packages	69*	3
Total exit costs £'000	2,449	138

*In 2023–24 there were 62 leavers associated with ceasing to make overseas coins (2022–23: nil) and 7 other leavers (2022–23: 3).

STAFF COMPOSITION

The number of people employed at 31 March 2024 was 846 (2023: 930). Of these employees, 555 were male and 291 were female (2023: 636 male, 294 female). The Royal Mint Museum Group itself has no employees (2023: nil). The Board of Directors of The Royal Mint Limited at 31 March 2024 comprised five male directors and five female (2023: six male, five female). The Trustees and Directors of The Royal Mint Museum at 31 March 2024 comprised of six male and two female (2023: five male, three female).

STAFF POLICIES

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

DIVERSITY

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

During the year, we put significant effort into engaging with leaders and employees across our organisation to explore various issues around EDI. We celebrated many events throughout the year, including Pride, Diwali, Eid, Ramadan and many more. One of the notable successes of the year has been our newly formed Women's Network, which has raised awareness of and supported our employees' understanding of the many subjects affecting our female workforce and some of the challenges this presents; these well-attended sessions will continue throughout 2024–25.

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

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

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

SICKNESS ABSENCE

The annual sickness absence rate for 2023–24 was 3.9%, a slight increase from 3.5% in 2022–23.

STAFF TURNOVER

Staff turnover percentage during the year was 11.3% (2023: 10.6%).

STAFF CONSULTANCY

Staff consultancy expenditure of £24,904 was incurred during the year (2022–23: £37,800).

Sean Jones
ACCOUNTING OFFICER
25 July 2024

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 2024 under the Government Trading Funds Act 1973.

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

- Statements of Financial Position as at 31 March 2024;
- Consolidated Income Statement, Statements of Comprehensive Income, Statements of Cash Flows and Statements of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Royal Mint Trading Fund and its Group's affairs as at 31 March 2024 and its loss for the year then ended; and
- have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

OPINION ON REGULARITY

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

BASIS FOR OPINIONS

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

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

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

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

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

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions 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 issued under the Government Trading Funds Act 1973;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Royal Mint Trading Fund and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973; and
- assessing the Royal Mint Trading Fund and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Royal Mint Trading Fund and its Group's accounting polices;
- inquired of management, the internal auditors of the Royal Mint Limited and those charged with governance, including obtaining and reviewing supporting documentation relating to the Royal Mint Trading Fund and its Group's policies and procedures on:

  - identifying, evaluating and complying with laws and regulations;

  - detecting and responding to the risks of fraud; and

  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Royal Mint Trading Fund and its Group's controls relating to the Royal Mint Trading Fund's compliance with the Government Trading Funds Act 1973, and Managing Public Money;
- inquired of management, the internal auditors of the Royal Mint Limited and those charged with governance whether:

  - they were aware of any instances of non-compliance with laws and regulations;

  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team including significant component audit teams regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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; and
- I issued component auditor instructions to the external auditor of the Royal Mint Limited and reviewed the component auditor's work in relation to journals, estimates, significant transactions that are unusual or outside the normal course of business, and revenue recognition.

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

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

OTHER AUDITOR'S RESPONSIBILITIES

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

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

REPORT

I have no observations to make on these financial statements.

Gareth Davies
COMPTROLLER AND AUDITOR GENERAL

25 July 2024

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

Statements and Notes

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Before IFRS 9-related items and exceptionals 2023–24 £'000	IFRS 9-related items (note 5) 2023–24 £'000	Other exceptionals (note 5) 2023–24 £'000	Total 2023–24 £'000	Before IFRS 9-related items and exceptionals 2022–23 (Restated*) £'000	IFRS 9-related items (note 5) 2022–23 £'000	Other exceptionals (note 5) 2022–23 £'000	Total 2022–23 (Restated*) £'000
Revenue	2	1,352,462	-	-	1,352,462	1,878,164	-	-	1,878,164
Cost of sales		(1,295,541)	(2,127)	(2,305)	(1,299,973)	(1,796,279)	(1,301)	-	(1,797,580)
Gross profit		56,921	(2,127)	(2,305)	52,489	81,885	(1,301)	-	80,584
Administrative expenses		(13,985)	-	(3,943)	(17,928)	(19,450)	-	(5,211)	(24,661)
Selling and distribution costs		(39,247)	-	-	(39,247)	(42,597)	-	-	(42,597)
Other (losses)/gains	22	852	2,768	-	3,620	(1,891)	2,744	-	853
Operating (loss)/profit	3	4,541	641	(6,248)	(1,066)	17,947	1,443	(5,211)	14,179
Finance income	6	617	-	-	617	151	-	-	151
Finance costs	6	(3,622)	-	-	(3,622)	(1,621)	-	-	(1,621)
Share of profit of associate accounted for using the equity method	10	179	-	-	179	415	-	-	415
(Loss)/profit before tax		1,715	641	(6,248)	(3,892)	16,892	1,443	(5,211)	13,124
Taxation	7				457				(2,717)
(Loss)/profit for the financial year					(3,435)				10,407
Loss)/profit attributable to: HM Treasury					(3,435)				10,407

*Details of the restatement disclosed can be found in note 3a.

The notes on pages 70 to 103 form part of the financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2023–24 £'000	2022–23 £'000
(Loss)/profit for the financial year		(3,435)	10,407
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss:			
Losses on cash flow hedges		(258)	(40)
Hedging gains/(losses) reclassified to profit or loss		96	(469)
Items that will not be reclassified to profit or loss:			
Remeasurements for defined benefit scheme	17	1,002	4,864
Deferred tax on remeasurements for defined benefit scheme	16	(251)	(1,216)
Revaluation	8,9	8,717	11,834
Other comprehensive income for the period, net of tax		9,306	14,973
Total comprehensive income for the year		5,871	25,380
Total comprehensive income attributable to:			
HM Treasury		5,871	25,380

Royal Mint Trading Fund Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2024

	2023–24 £'000	2022–23 £'000
Profit for the financial year	3,932	5,058
Other comprehensive income	-	-
Total comprehensive income for the year	3,932	5,058
Total comprehensive income attributable to: HM Treasury	3,932	5,058

The notes on pages 70 to 103 form part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2024

	Public Dividend Capital £'000	Revaluation Reserve £'000	Retained Earnings £'000	Hedging Reserve £'000	Heritage Assets Reserve £'000	Total Equity £'000
At 1 April 2023	5,500	17,099	75,892	(79)	54,746	153,158
Movements in the year:						
Loss for the financial year	-	-	(3,435)	-	-	(3,435)
Other comprehensive income/(expense)	-	1,787	751	(162)	6,930	9,306
Total comprehensive income/(expense) for the year	-	1,787	(2,684)	(162)	6,930	5,871
Cost of hedging transferred to inventory	-	-	-	160	-	160
Transactions with owners – dividends	-	-	(3,932)	-	-	(3,932)
At 31 March 2024	5,500	18,886	69,276	(81)	61,676	155,257

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

The notes on pages 70 to 103 form part of the financial statements.

Royal Mint Trading Fund Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2024

	Public Dividend Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 April 2023	5,500	53,819	59,319
Movements in the year:			
Profit for the financial year	-	3,932	3,932
Total comprehensive income/(expense) for the year	-	3,932	3,932
Transactions with owners – dividends	-	(3,932)	(3,932)
At 31 March 2024	5,500	53,819	59,319

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

The notes on pages 70 to 103 form part of the financial statements.

Consolidated and Company Statements of Financial Position

AS AT 31 MARCH 2024

	Notes	Company 2024 £'000	Company 2023 £'000
Non-Current Assets			
Property, plant and equipment	8	87,473	83,778
Heritage assets	9	63,512	56,285
Intangible assets	10	19,516	11,862
Deferred tax asset	16	-	-
Investment in associate	24	2,793	2,763
Retirement benefit surplus	17	7,779	6,484
TOTAL NON-CURRENT ASSETS		181,073	161,172
Current Assets			
Inventories	11	56,399	95,835
Derivative financial instruments	23	3,744	3,118
Current tax asset	7	1,749	898
Trade and other receivables	12	26,925	38,000
Cash and cash equivalents	21	11,140	8,002
TOTAL CURRENT ASSETS		99,957	145,853
Current Liabilities			
Borrowings	13	(663)	(12,651)
Other liabilities	24	(1,672)	-
Trade and other payables	14	(95,641)	(128,449)
Derivative financial instruments	23	(511)	(834)
TOTAL CURRENT LIABILITIES		(98,487)	(141,934)
NET CURRENT ASSETS		1,470	3,919
Non-Current Liabilities			
Borrowings	13	(11,336)	(2,062)
Other liabilities	24	(5,427)	-
Accruals and deferred income	14	(958)	(1,112)
Deferred tax liability	16	(8,044)	(8,215)
Provision for liabilities and charges	15	(1,521)	(544)
NET ASSETS		155,257	153,158
Equity			
Public dividend capital		5,500	5,500
Revaluation reserve		18,886	17,099
Retained earnings		69,276	75,892
Hedging reserve		(81)	(79)
Heritage assets reserve		61,676	54,746
TOTAL EQUITY		155,257	153,158

The notes on pages 70 to 103 form part of the financial statements.

Sean Jones
ACCOUNTING OFFICER
25 July 2024

Royal Mint Trading Fund Statement of Financial Position

AS AT 31 MARCH 2024

	Notes	Company 2024 £'000	Company 2023 £'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	10,000	12,000
TOTAL CURRENT ASSETS		10,000	12,000
Current Liabilities			
Loan from National Loans Fund	13	(10,000)	(12,000)
TOTAL CURRENT LIABILITIES		(10,000)	(12,000)
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 70 to 103 form part of the financial statements.

Sean Jones
ACCOUNTING OFFICER
25 July 2024

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2023–24 £'000	Group 2022–23 Restated* £'000
Cash flow from operating activities			
(Loss)/profit before tax		(3,892)	13,124
Depreciation and amortisation on non-current assets	3a	12,227	9,804
Loss on disposal of assets		-	1
Impairment		-	1,461
Interest charge	6	3,005	1,470
Cash flow hedges		(951)	(1,610)
Share of associate	24	(180)	(414)
Changes in operating assets and liabilities:			
Difference between pension charge and cash contribution	17	21	19
Inventory	11	39,436	(24,060)
Trade and other receivables		10,688	(7,823)
Trade and other payables		(35,188)	38,234
Provisions	15	977	7
Cash generated from operations		26,143	30,213
Net tax paid		(429)	(978)
Interest paid		(2,675)	(5,104)
Net cash generated from operating activities		23,039	24,131
Cash flow from investing activities			
Acquisition of property, plant and equipment	8	(8,475)	(11,277)
Acquisition of intangible assets	10	(5,356)	(3,782)
Acquisition of heritage assets	9	(297)	(211)
Interest received		303	108
Dividends received		150	133
Net cash used in investing activities		(13,675)	(15,029)
Cash flow from financing activities			
Dividends paid		(3,932)	(5,058)
Principal lease payments	21	(744)	(738)
Movement in borrowings	13	(2,121)	(7,121)
Net cash used in financing activities		(6,797)	(12,917)
Net movement in cash and cash equivalents		**2,567**	**(3,815)**
Cash and cash equivalents at the start of the year	21	8,002	11,939
Effects of exchange rate changes on cash and cash equivalents	21	571	(122)
Cash and cash equivalents at end of year	21	11,140	8,002

* The dividends received in 2022–23 were previously netted from the dividends paid within 'net cash used in financing activities'. These have been disclosed separately within 'net cash used in investing activities' in 2023–24 and the comparatives have been restated to be on a consistent basis. Similarly, interest received in 2022–23 were previously netted from interest paid within 'net cash generated from operating activities'. These have been disclosed separately within 'Net cash used in investing activities' in 2023–24 and the comparatives have been restated to be on a consistent basis. There is no change to the opening or closing cash position for either restatement.

The notes on pages 70 to 103 form part of the financial statements.

Royal Mint Trading Fund Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2023–24 £'000	2022–23 £'000
Cash flow from investing activities			
Dividends received from The Royal Mint Limited		3,932	5,058
Movement in loans		(2,000)	(7,000)
Net cash generated from investing activities		1,932	(1,942)
Cash flow from financing activities			
Dividend paid		(3,932)	(5,058)
Movement in loans		2,000	7,000
Net cash used in financing activities		(1,932)	1,942
Net movement in cash and cash equivalents			
Cash and cash equivalents at the start of the year		-	-
Cash and cash equivalents at the end of the year	21	-	-

The notes on pages 70 to 103 form part of the financial statements.

Notes to the Accounts

NOTE 1 PRINCIPAL ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the 2023–24 Government Financial Reporting Manual (FReM). The accounts have been prepared under a direction issued by HM Treasury under Government Trading Funds Act 1973. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Royal Mint Trading Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently unless otherwise stated in dealing with items that are considered material to the accounts.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New standards, amendments and interpretations
The Group has applied the following amendments for the first time for its annual reporting period commencing 1 April 2023:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates – Amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS; and
- IFRS 17 Insurance Contracts. Although IFRS 17 is not adopted in the FreM until 2025–26, RMTF has early adopted the standard in line with the effective date for companies in order to align policies within the Group. There is no impact on RMTF results from this early adoption.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods for the Group or Trading Fund.

New standards, amendments and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2024 reporting periods and have not been early adopted, with the exception of IAS 1. These standards are not expected to have a material impact on the Group or Trading Fund in the current or future reporting periods and on foreseeable future transactions. The Group has decided to early adopt the two amendments to IAS 1 for reporting periods commencing 1 January 2024 (‘Classification of Liabilities as Current or Non-current’ issued by the IASB in January 2020 and ‘Non-current Liabilities with Covenants’ issued by the IASB in October 2022), in order to classify the revolving credit facility from the Royal Mint Trading Fund as non-current within the Royal Mint Limited Group , as the right exists to defer settlement of the liability for at least twelve months after the reporting period.

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

1.3 SEGMENTAL REPORTING

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

1.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency
Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (‘the functional currency’). The financial statements are presented in sterling, which is the Group’s functional currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end of exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash-flow hedges.

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

1.5 PROPERTY, PLANT AND EQUIPMENT

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

The valuation is based upon the following:

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

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

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

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

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

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
Freehold land and buildings (including integral features)	up to 50
Plant and machinery	up to 20

No depreciation is provided in respect of land, payments on account or assets in the course of construction.

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)' 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 2024 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.

Payments on account and assets under the course of construction
Internal costs capitalised are those direct employee costs involved in the design and testing of IT systems. These costs are initially held within assets in the course of construction within intangible assets before being transferred to software within intangibles. Other costs included in this category relate to capital projects not yet completed.

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.

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.

Development costs
Research costs are expensed as incurred. Capitalised development costs are direct employee and other costs relating to technology for commercial production. Development costs are amortised when commercial production begins over the expected useful life of the technology and before 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
Patents acquired by the Group are amortised on a straight-line basis over a period of eight to ten years.

IP Licences
Licence fees are capitalised when the criteria for recognition as an intangible asset are met. Any licence fees payable before the recognition criteria are met

are expensed as incurred. On initial recognition, the intangible asset and a corresponding liability are measured as the present value of the future licence fees payable over the expected term of the licence. Future licence fees are discounted at the Group's incremental borrowing rate (the interest rate that management considers the Group would incur to borrow a similar amount over a similar term and with similar security).

Where an option exists to extend the licence beyond an initial term, the expected term of the licence includes the extension period only if it is reasonably certain that the extension option will be exercised. Where an early termination option exists, the expected term of the licence does not include the period beyond the termination option unless it is reasonably certain that the termination option will not be exercised. The likelihood that extension or termination options will be exercised is regularly assessed.

The licence asset is amortised over the expected term of the licence.
The corresponding liability is measured at amortised cost such that the discount on the future licence fees payable is recognised as an interest expense over the term of the licence. If the terms of a licence are modified, the liability for licence fees is remeasured and a corresponding adjustment to the carrying amount of the licence is recognised. The adjusted carrying amount of the licence is amortised over the remainder of its expected term.

Contingent payments related to a licence such as royalties, profit-sharing and bonus payments are not capitalised and are recognised as an expense as incurred.

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.

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

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

1.9 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 cashflows (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 de-recognised when their outcome is certain.

1.11 FINANCIAL LIABILITIES

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

(b) Financial liabilities at fair value through the statement of comprehensive income
Financial liabilities at fair value through the Consolidated Income Statement include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

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

1.12 DERIVATIVE FINANCIAL INSTRUMENTS

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

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.

Forward contracts for the purchase of Precious Metals are accounted for as derivatives as they do not meet the criteria under IFRS 9 to qualify for the 'own use' exemption.

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/(losses). Amounts taken to equity are transferred to the Consolidated Income Statement when the hedged transaction affects the Consolidated Income Statement in Cost of Sales, such as when a forecast sale or purchase occurs.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the Consolidated Income Statement in Other gains/(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/(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/(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 that 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 surplus 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 scheme will benefit from a refund of surplus assets assuming gradual settlement of the scheme's liabilities. 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, which are denominated in the currency in which the benefits will be paid and have terms to maturity approximating to the terms of the related pension liabilities. A pension asset is recognised to the extent that it is recoverable. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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

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

As explained in note 17, employees who were members of The Royal Mint Limited's defined benefit scheme were given the opportunity to join the Civil Service Pension Scheme at 31 March 2015. This is made up of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) and subsequently the Alpha scheme. These are multi-employer plans and are accounted as if it 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 dependent 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.

Within the Precious Metals business, customers can enter into 'bullion buy-back' transactions whereby they sell physical and digital products to the Group, who then sell the equivalent ounces immediately on to the bank. As the Group is deemed to be the agent in this transaction, the revenue is recognised net of costs and is recognised at the point at which the sale of the precious metal ounces has completed.

No significant element of financing is deemed present, because the sales are paid either 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 sale of Precious Metals, the Group is considered the Principal from the perspective of the end consumer and therefore sales and costs are recognised on a gross basis within revenue and cost of sales respectively.

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). As 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.

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

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

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

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

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

The Group enters into precious metal leases, which are arrangements whereby the counterparty 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/(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

The Group meets its day-to-day working capital requirements through its banking facilities, precious metals leasing facilities and a revolving credit facility from the Royal Mint Trading Fund whereby the amount drawn down from the National Loans Fund is passed on to The Royal Mint Limited. The £36 million revolving credit facility from the Royal Mint Trading Fund has been extended until 30 November 2028. The current economic conditions create uncertainty, particularly over (a) the level of demand for the Group's products, and (b) the availability of bank finance and revolving credit facility for the foreseeable future. However, as we have witnessed over the last couple of years, when the economy faces a downturn, the demand for our products, particularly precious metals, increases, which provides us with some natural hedge against economic declines. The Group's decision to cease making circulating coins for customers outside the UK will not give rise to significant net cash outflows. The impacted workforce will be redeployed within the Group, to assist with the new ventures included in our diversification strategy, and any decommissioning costs associated with the closure are expected to be offset by working capital inflows.

The impact of more challenging market conditions, the structural challenge in the Currency division due to reducing global demand and the relative immaturity of the new businesses has led to a reduction in the operating result of the Group in the current year, but the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. Having assessed the principal risks and the other matters discussed in the Strategic Report, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements. Further information on the Group's borrowings is given in note 13 and on the closure of overseas currency production is provided in note 25.

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

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

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

(a) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The key assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year, taking into consideration 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.

(b) Impairment of non-financial assets

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

When value in use calculations are undertaken because an impairment indicator is in place, management estimate the expected future cash flows from the asset or income-generating unit and choose a suitable discount rate in order to calculate the net present value of those cash flows. Key assumptions are disclosed in note 8.

(c) Trade receivables

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

(g) Excir licence

As described in note 10, the Group entered into an intellectual property (IP) licence agreement with Excir in March 2021. At that time, it was considered that the criteria for recognising the licence as an intangible asset had not been met. Therefore, the licence fees payable to Excir were initially recognised as an expense as incurred. At the point there was a commitment to monthly licence fee payments to Excir the criteria for recognising the licence as an intangible asset was judged to have been met and an intangible asset was recognised at an initial cost of £8,414,000, being the present value of the licence fees payable over the remainder of the expected term of the licence. A discount rate of 6.4% was applied, being the interest rate that management considered the Group would have incurred to borrow the amount of the future licence fees over the remainder of the expected term of the licence. A corresponding liability was recognised within other liabilities on the face of the Statement of Financial Position.

The licence has a term of ten years extendable at the Group's option for a further ten years. Since, in management's judgement, it is not reasonably certain that the Group will exercise the extension option, the expected term of the licence is considered to be ten years. The licence is being amortised over the remainder of its expected term, ending in March 2031.

(h) Provisions

Restructuring costs are recognised as soon as there is a present obligation resulting from a past event, and a reliable estimate of costs can be made. Determining whether an obligation exists is a key judgement for deciding when to record a restructuring provision. A constructive obligation for a restructuring is determined to have arisen when there is a detailed formal plan specifying the business or part of a business concerned; and the Group has created a valid expectation in those affected that it will carry out the plan by either starting to implement the plan or announcing its main features to those affected by it. During 2023–24 the Group operated a voluntary leave scheme, offering employees an opportunity to exit the business and receive a one-off payment. The costs associated with the voluntary departure of these employees were charged as incurred during 2023–24. The closure of overseas currency operations was not communicated until 9 April 2024; therefore there was no valid expectation at the balance sheet date that any further employees would be departing the business. Whilst a voluntary process remains in place to allow employees to request to exit the business and receive a single payment, the Group is expecting to provide roles for all remaining employees affected by the announcement who wish to take opportunities in other areas of the business.

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 ended 31 March. Whilst being established as divisions, Collector Services and the RME are included in the Consumer results, whilst the ETC business is included within Precious Metals. Due to the growing size of our Precious Metals Recovery business, and in line with internal reporting to the chief operating decision maker, this business is disclosed separately this year (and prior year figures restated as required to be on a consistent basis). Other new ventures and the Group's subsidiaries are currently unallocated due to immateriality.

A. ANALYSIS BY CLASS OF BUSINESS 2023–24

	Currency £'000	Consumer* £'000	Precious Metals £'000	Precious Metals Recovery £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	65,603	135,742	1,150,099	-	1,351,444	1,018	1,352,462
Depreciation and amortisation	5,627	2,771	937	945	10,280	1,947	12,227
Operating (loss)/profit before IFRS 9 and exceptional items and allocation of central costs	(10,821)	25,623	20,317	(4,854)	30,265	(25,724)	4,541
IFRS 9 and exceptional items	(6,101)	-	-	-	(6,101)	494	(5,607)
Allocation of central costs	(3,150)	(7,156)	(4,892)	(818)	(16,016)	16,016	-
Operating (loss)/profit	(20,072)	18,467	15,425	(5,672)	8,148	(9,214)	(1,066)
Segment assets and liabilities:							
Non-current assets	33,861	95,709	381	23,426	153,377	27,696	181,073
Current assets	33,166	25,893	11,236	-	70,295	29,662	99,957
Current liabilities	(17,722)	(14,015)	(11,032)	(1,111)	(43,880)	(54,607)	(98,487)
Non-current liabilities	(1,288)	(1,192)	-	(7,099)	(9,579)	(17,707)	(27,286)
Net assets/(liabilities)	48,017	106,395	585	15,216	170,213	(14,956)	155,257
Other segmental information:							
Property, plant and equipment additions	1,539	559	56	3,883	6,037	3,730	9,767
Heritage assets additions	-	297	-	-	297	-	297
Intangible assets additions	-	2	-	8,414	8,416	3,614	12,030

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 £63.5 million (2023: £56.3 million).

NOTE 2 CONTINUED

ANALYSIS BY CLASS OF BUSINESS 2022–23 (RESTATED)

	Currency £'000	Consumer* £'000	Precious Metals £'000	Precious Metals Recovery £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	74,376	149,213	1,654,188	-	1,877,777	387	1,878,164
Depreciation and amortisation	5,504	2,246	690	-	8,440	1,363	9,803
Operating (loss)/profit before IFRS 9 and exceptional items and allocation of central costs	(13,095)	30,002	32,771	(3,157)	46,521	(28,574)	17,947
IFRS 9 and exceptional items	(3,768)	-	-	-	(3,768)	-	(3,768)
Allocation of central costs	(8,093)	(8,872)	(3,738)	(496)	(21,199)	21,199	-
Operating (loss)/profit	(24,956)	21,130	29,033	(3,653)	21,554	(7,375)	14,179
Segment assets and liabilities:							
Non-current assets	36,876	86,940	563	9,455	133,834	27,338	161,172
Current assets	50,904	58,645	15,813	-	125,362	20,491	145,853
Current liabilities	(25,556)	(33,734)	(20,890)	(492)	(80,672)	(61,262)	(141,934)
Non-current liabilities	-	(1,656)	-	-	(1,656)	(10,277)	(11,933)
Net assets/(liabilities)	62,224	110,195	(4,514)	8,963	176,868	(23,710)	153,158
Other segmental information:							
Property, plant and equipment additions	3,149	213	48	6,758	10,168	2,685	12,853
Heritage assets additions	-	211	-	-	211	-	211
Intangible assets additions	-	16	-	-	16	3,766	3,782

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 £63.5 million (2023: £56.3 million).

B. GEOGRAPHICAL ANALYSIS OF REVENUE

Revenue by destination is set out below:	2023–24 £'000	2022–23 £'000
United Kingdom	355,898	557,341
Germany	116,879	226,120
Rest of Europe	105,388	156,520
United States of America	584,280	765,275
Rest of Americas	7,060	5,934
Asia	112,651	119,684
Africa	34,959	29,329
Rest of the World	35,347	17,961
	1,352,462	1,878,164

During 2023–24 there was one customer: £191.8m (2022–23: no customers) that represented in excess of 10% of revenue.

NOTE 3A OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):	2023–24 £'000	2022–23 £'000
Depreciation and amortisation charges	12,227	9,804
Research and development	847	1,875
Commodity hedges(gain)/loss	2,768	2,744
Foreign exchange (gain)/loss	(288)	(2,141)
Precious metal lease arrangement fees	3,781	6,803
Exceptional items (note 5)	6,248	5,211
Auditors' remuneration:		
Audit of these financial statements (NAO)	46	36
Audit of subsidiaries (PwC)	211	124
Non-audit fees (PwC)	77	-

Note: 2022–23 has been restated to record certain indirect production costs within Cost of Sales that were previously recorded within Administration Expenses. As a result, Administration Expenses have reduced by £6.2 million and Cost of Sales have increased by £6.2 million. This has impacted both the Company and Consolidated Income Statement but has no impact on net assets or the profit for the financial year.

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

The Income Statement shows the following amounts relating to leases:	2023–24 £'000	2022–23 £'000
Depreciation of right-of-use assets		
Plant and machinery	587	666
Interest expense (included in finance costs)	151	71
Expense relating to short-term leases (included in administrative expenses)	825	796
Expense relating to low value leases (included in administrative penses)	96	78

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.

	2023–24		2022–23	
TOTAL STAFF COSTS	£'000	£'000	£'000	£'000
Wages and salaries				
Staff with a permanent contract	39,036		42,127	
Other staff	1,471		986	
		40,507		43,113
Social security costs				
Staff with a permanent contract	4,018		3,983	
Other staff	158		105	
		4,176		4,088
Pension costs				
Defined benefit:				
Staff with a permanent contract	2,573		2,679	
Defined contribution:				
Staff with a permanent contract	2,934		2,624	
Other staff	121		67	
		5,628		5,370
		50,311		52,571

AVERAGE NUMBER EMPLOYED

The monthly average number of people (including directors) employed during the year:	2023–24 Number	2023–24 Number	2022–23 Number	2022–23 Number
Production				
Staff with a permanent contract	466		482	
Other staff	9		5	
		475		487
Sales and Marketing				
Staff with a permanent contract	246		234	
Other staff	11		8	
		257		242
Administration				
Staff with a permanent contract	162		167	
Other staff	5		13	
		167		180
		899		909

A process was set up during the year enabling Currency business staff to request to leave the business and receive a one-off payment. Total payments amounted to £2.6 million. These are included within exceptional costs in note 5.

DIRECTORS' EMOLUMENTS OF THE ROYAL MINT DIRECTORS

The Museum Trustees and the Accounting Officer did not receive remuneration from the Group.	2023–24 £'000	2022–23 £'000
Aggregate emoluments excluding long-term incentive scheme	870	1,003
Aggregate amounts receivable under long-term incentive scheme	40	158
Contributions under defined contribution pension scheme	25	25
Highest-paid director:		
Total amounts of emoluments and amounts receivable under long-term incentive scheme	269	378
Accrued defined benefit pension at year-end	52	42
Accrued lump sum at year-end	915	738

Retirement benefits accrued to two executive directors under a defined benefit scheme during the year (2022–23: two).

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

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

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

	2023–24 £'000	2022–23 £'000
Restructuring costs	2,560	251
Accelerated depreciation	1,382	-
Impairment	1,018	1,262
Onerous contracts	1,288	-
Decommissioning costs	-	3,698
Exceptional charge	6,248	5,211

NOTE 5 CONTINUED

Restructuring costs: these relate to the exit of staff from the Currency business through a process that enabled staff to request to leave and receive a one-off payment. These have been included within administration expenses.

Accelerated depreciation: following the decision to stop making overseas currency, the assets associated with manufacturing overseas coins are being written off on a straight-line basis by the end of the anticipated production life, resulting in accelerated depreciation of £1.4 million during 2023–24, which has been included within administration expenses.

Impairment: The Group assesses whether there have been any impairment indicators at the end of each reporting year whenever events or circumstances indicate that the carrying amount may not be recoverable. During the year, stores and spares items associated with the fixed assets used to manufacture overseas coins have been impaired for £1.0 million and charged through cost of sales. During 2022–23, the Directors decided that the changes in the Currency market represented an impairment trigger resulting in £1.3 million of assets with no prospective use being impaired and charged to the Income Statement.

Onerous contracts: £1.3 million has been provided for the onerous element of committed overseas contracts and charged through Cost of Sales.

Decommissioning costs: during the prior year, decommissioning costs were incurred following the strategic investment into a new direct brass production line and a provision for decommissioning relating to the impairment review detailed above. This was included within administration expenses.

Further details are provided in note 25 for all costs associated with the decision to stop making overseas currency.

NOTE 6 FINANCE (INCOME)/COSTS

	2023–24 £'000	2022–23 £'000
Interest income on pension plan liabilities	(314)	(43)
Interest and finance charges received/receivable for lease liabilities and financial liabilities not at fair value through profit and loss	(303)	(108)
Finance income	(617)	(151)
Interest and finance charges paid/payable for lease liabilities not at fair value through profit and loss	3,622	1,621
Finance costs	3,622	1,621
Net finance costs	3,005	1,470

NOTE 7 TAXATION

ANALYSIS OF TAX CHARGE IN YEAR	2023–24 £'000	2022–23 £'000
UK corporation tax:		
Current year	-	2,327
Adjustments in respect of prior years	(35)	(281)
Deferred tax:		
Current year	(564)	384
Adjustments in respect of prior years	142	287
Effect of tax rate change on opening balance	-	-
Taxation (credit)/charge	(457)	2,717

The tax charge for the year differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK (2023–24: 25%, 2022–23: 19%):

	2023–24 £'000	2022–23 £'000
(Loss) / profit before tax	(3,892)	13,124
Profit before tax multiplied by the standard rate of corporation tax of 25% (2022–23: 19%)	(973)	2,494
Effects of:		
Income not taxable	(113)	114
Expenses not deductible for tax purposes	44	(54)
Temporary differences not recognised	478	66
Remeasurement of deferred tax for changes in tax rates	-	91
Adjustments in respect of prior years	-	6
Change in tax rate	107	-
Taxation (credit) / charge for year	(457)	2,717

The main UK corporation tax rate increased from 19% to 25%, applicable from 1 April 2023. 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 £251,000 (2022–23: £1,216,000) has been charged directly to the Consolidated Statement of Comprehensive Income.

NOTE 7 CONTINUED

CURRENT TAX ASSET / (LIABILITY)	2024 £'000	2023 £'000
UK corporation tax	1,749	898

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 2023	4,875	21,476	13,778	156,419	4,458	201,006
Additions	-	-	9,732	35	-	9,767
Transfers	-	751	(1,946)	1,195	-	-
Disposals	-	-	-	-	(6)	(6)
Revaluation	-	(101)	-	3,240	-	3,139
At 31 March 2024	4,875	22,126	21,564	160,889	4,452	213,906
Depreciation						
At 1 April 2023	-	-	-	114,909	2,319	117,228
Charge for year	-	1,207	-	6,059	587	7,853
Revaluation	-	(1,207)	-	2,559	-	1,352
At 31 March 2024	-	-	-	123,527	2,906	126,433
Net book value at 31 March 2024	4,875	22,126	21,564	37,362	1,546	87,473

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

NOTE 8 CONTINUED

Land and buildings are stated at either open market current use valuation or depreciated replacement cost where this is more appropriate for specialised buildings (RME building and our Vault). A full valuation of land and buildings was carried out at 31 March 2021 by Lambert Smith Hampton in accordance with the guidelines set out in the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. An interim valuation was performed on 31 March 2024, 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.

The Group uses the value-in-use method to estimate the recoverable amount of the related Cash Generating Unit (CGU) and compares this to the remaining related tangible and intangible fixed assets. Previously, management identified that there was only one CGU, which was represented by cash flows associated with the UK Circulating coin contract. This year, management have identified that the investment in Precious Metals Recovery represented a new CGU for the Group, and, therefore, two separate assessments have been performed at the balance sheet date.

UK Circulating Coin
The value in use of the CGU is determined by using cash inflows for the related CGU projected over the estimated remaining term of the UK Circulating coin contract. Cash inflows are based on the latest business plans that have then been extended with no growth to the end of the projected contract term. These cash inflows were compared to asset values of £87.8 million (2023: £67.5 million).

Precious Metals Recovery (PMR)
The value in use is determined by using cash inflows for the PMR business projected over the estimated useful lives of the related assets. Cash inflows are based on the latest budget that has been extended with no growth to the end of the projected useful life. These cash inflows were compared to asset values of £20.1 million (2023: £nil).

The discount rate used for both CGUs of 8% (2023: 8%) has been determined by using a weighted average cost of capital adjusted for a risk factor. The recoverable amount is 28% (£24.5 million) greater than the net book value of assets related to the UK Circulating Coin CGU (2023: 75% greater) and 84% (£16.9 million) greater than the net book value of assets relating to Precious Metals Recovery (2023: n/a). Therefore, no additional impairment charge has been made during the year. Due to the headroom, no reasonable sensitivity would result in an impairment.

NOTE 9 HERITAGE ASSETS

CONSOLIDATED

	2023–24 £'000	2022–23 £'000	2021–22 £'000	2020–21 £'000	2019–20 £'000
Cost					
At 1 April	56,285	50,074	45,687	38,181	37,843
Additions:					
At valuation	289	191	357	378	315
At purchase cost	8	20	30	28	23
Revaluation	6,930	6,000	4,000	7,100	-
At 31 March	63,512	56,285	50,074	45,687	38,181
Net book value at 31 March	63,512	56,285	50,074	45,687	38,181
Net book value at 1 April	56,285	50,074	45,687	38,181	37,843

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 2024 by Morton & Eden and the value of the collection increased by £6.9 million.

NOTE 9 CONTINUED

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.
- 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 UK 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 £'000	IP Licences £'000	Patents £'000	Development costs £'000	Total £'000
Cost						
At 1 April 2023	3,206	21,804	-	1,947	952	27,909
Additions	3,614	2	8,414	-	-	12,030
Transfers	(2,303)	2,303	-	-	-	-
At 31 March 2024	4,517	24,109	8,414	1,947	952	39,939
Amortisation						
At 1 April 2023	-	13,838	-	1,257	952	16,047
Amortisation for year	-	3,236	945	195	-	4,376
Disposals	-	-	-	-	-	-
At 31 March 2024	-	17,074	945	1,452	952	20,423
Net book value at 31 March 2024	4,517	7,035	7,469	495	-	19,516

Amortisation charges of £4,164,000 (2022–23: £2,808,000) and £212,000 (2023–24: £212,000) are included within administration expenses and cost of sales respectively.

The Group's enterprise resource planning ('ERP') system is deemed to be material and has a net book value of £2,525,000 and remaining useful life of one year and 7 months.

In March 2021, the Group entered into a licence agreement with Canadian clean-tech Excir Works Corp (Excir) in relation to technology to be utilised in our Precious Metals Recovery business in the recovery of gold and other precious metals from e-waste. At that time, the criteria for recognising the licence as an intangible asset had not been met. Therefore, the licence fees payable to Excir were initially recognised as an expense as incurred. At the point there was a commitment to pay monthly licence fees to Excir, the criteria for recognising the licence as an intangible asset was deemed to have been met and an intangible asset was recognised at an initial cost of £8,414,000, being the present value of the licence fees payable over the remainder of the expected term of the licence. A discount rate of 6.4% was applied, being the interest rate that management considered the Group would have incurred to borrow the amount of the future licence fees over the remainder of the expected term of the licence. A corresponding liability was recognised within other liabilities on the face of the Statement of Financial Position. The asset is being amortised over the remainder of its expected term, ending in March 2031.

NOTE 10 CONTINUED

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

The Group assesses whether there have been any impairment indicators at the end of each reporting year whenever events or circumstances indicate that the carrying amount may not be recoverable. In the prior year, an impairment of £198,000 related to a website with no future use. This impairment was included within administration costs, and the remaining £68,000 balance was treated as exceptional within note 5.

NOTE 11 INVENTORIES

CONSOLIDATED	2024 £'000	2023 £'000
Metal inventory	27,147	51,905
Work in progress (excluding metal)	10,901	10,994
Stores and packing materials	5,251	6,826
Finished goods	13,100	26,110
	56,399	95,835

Inventories recognised as an expense in the year are recorded within cost of sales. Movement in the inventory provision during the year was a decrease of £4.0 million (2022–23: increase of £1.1 million). The amount of inventories written down to net realisable value during the year was £1.0 million (2022–23: £nil).

The Group enters into precious metal arrangements whereby the lessor 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 in this regard amounted to £823.1 million at 31 March 2024 (2023: £1,069.9 million). Fees under these arrangements are recognised within cost of sales.

NOTE 12 TRADE AND OTHER RECEIVABLES

CONSOLIDATED	2024 £'000	2023 £'000
Trade receivables	21,964	34,202
Less provision for impairment of receivables	(580)	(332)
Short-term investments	300	-
VAT recoverable	1,400	1,062
Prepayments and accrued income	3,841	3,068
	26,925	38,000

Included within the receivables are the following:	2024 £'000	2023 £'000
UK government bodies	379	13,324
Other government bodies	17	9
	396	13,333

The carrying value of the Group's trade and other receivables are denominated in the following currencies:	2024 £'000	2023 £'000
Pounds sterling	11,788	27,277
US dollars	13,643	7,477
Euros	1,494	3,246
	26,925	38,000

A provision is made for Consumer receivables based on expected credit losses for all trade receivables. The movement in provision for impairment in receivables is shown below:

Movement in provision for impairment in receivables:	2024 £'000	2023 £'000
At 1 April	(332)	(459)
(Provided)/utilised in the year	(248)	127
At 31 March	(580)	(332)

TRADING FUND	2024 £'000	2023 £'000
Loan to group undertaking	10,000	12,000

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	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Lease obligations less than one year	527	516	-	-
Lease obligations greater than one year	1,017	1,621	-	-
Loans less than one year	135	12,135	-	12,000
Loans greater than one year	10,320	441	10,000	-
	11,999	14,713	10,000	12,000

The Royal Mint Trading Fund has a revolving credit facility from the National Loans Fund, which has a limit of £36.0 million (2023: £36.0 million), of which £10.0 million was drawn down at 31 March 2024 (£12.0 million at 31 March 2023). This amount was shown as due within one year in 2023 as the facility had a maturity date of 30 November 2023; an agreement to extend the credit facility until 30 November 2028 was completed after 31 March 2023 and the loan is thus disclosed as due greater than one year in 2024. In addition, the Group has a fixed term loan of which £455,000 was outstanding at 31 March 2024 (2023: £577,000) – £135,000 is due in less than one year (2023: £135,000) and the remaining balance of £320,000 is due in more than one year (2023: £442,000). The Group also has an overdraft facility of £20 million, which was not used at the balance sheet date (2023: £20 million).

NOTE 14 TRADE AND OTHER PAYABLES

CONSOLIDATED

	2024 £'000	2023 (* Restated) £'000
Trade payables	9,639	16,934
Other payables	55,645	57,481
VAT payable	7	10
Payments received on account	13,048	28,751
Taxation and social security	1,221	1,276
Accruals and deferred income	16,081	23,997
	95,641	128,449

Included within the payables are the following:	2024 £'000	2023 £'000
UK government bodies	2,960	3,783
Public Corporations and Trading Funds	76	17
	3,306	3,800

The £958,000 of accruals and deferred income within non-current liabilities relate to a grant received from the Welsh Government in relation to the construction of The Royal Mint Experience (2022–23: £1,112,000).

Other payables includes amounts due from inventory financing obligations that are typically paid within 3 months.

* In the prior year, accruals amounting to £4,580,000 were disclosed within trade payables. These have now been restated to reflect correct categorisation.
This restatement has had no impact on the Consolidated and Company Income Statements or the Consolidated and Company Statements of Financial Position. There has also been no impact on net assets.

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.

	Onerous contracts £'000	Returns provision £'000	Total £'000
At 1 April 2023	-	544	544
Provided in year	1,288	211	1,499
Utilised in year	-	(522)	(522)
At 31 March 2024	1,288	233	1,521

As outlined in note 25, a provision of £1.3 million was made in the year for onerous committed overseas contracts, all of which are expected to be concluded during the course of the next financial year. The returns provision is expected to be utilised within the next two years.

NOTE 16 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided in full on temporary differences under the liability method using a tax rate of 25% (2023: 25%).

	2024 £'000	2023 £'000
Liability at 1 April	8,215	6,328
Movements on deferred tax were:		
(Credited)/charged to the Income Statement	(422)	671
Charged to Statement of Comprehensive Income	251	1,216
Liability at 31 March	8,044	8,215

Movements in deferred tax liability were:

DEFERRED TAX (ASSETS)/LIABILITIES

	Assets £'000	Liabilities £'000	2024 Net £'000	Assets £'000	Liabilities £'000	2023 Net £'000
Accelerated tax depreciation	-	7,732	7,732	-	6,179	6,179
Derivative instruments	-	833	833	-	595	595
Retirement benefit obligation	-	1,887	1,887	-	1,562	1,562
Tax losses	(2,287)	-	(2,287)	-	-	-
Other	(121)	-	(121)	(121)	-	(121)
Deferred tax (asset)/liability	(2,408)	10,452	8,044	(121)	8,336	8,215

	Accelerated tax depreciation £'000	Derivative instruments £'000	Retirement benefit obligations £'000	Tax losses £'000	Other £'000	Total £'000
At 1 April 2023	6,179	595	1,562	-	(121)	8,215
Charged/(credited) to the Income Statement	1,553	238	74	(2,287)	-	(422)
Charged to Statement of Comprehensive Income	-	-	251	-	-	251
At 31 March 2024	7,732	833	1,887	(2,287)	(121)	8,044

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

	2023–24 £'000	2022–23 £'000
Remeasurements on defined benefits schemes	251	1,216

ANALYSIS OF DEFERRED TAX (ASSET)/LIABILITY

	2024 £'000	2023 £'000
Deferred tax asset after 12 months	-	-
Deferred tax liability after 12 months	8,044	8,215
	8,044	8,215

The deferred tax at 31 March 2024 has been calculated based on the rate of 25% that was substantively enacted at the balance sheet date (2023: 25%). The deferred tax asset has been recognised as the Group 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 Group. The total cost charged to the income statement of £3,055,000 (2022–23: £2,691,000) represents contributions payable to the scheme by the Group at rates specified in the plan rules.

Defined benefit scheme

Defined benefit pension arrangements have been amended as set out below:

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

In the Alpha scheme, employee contributions are salary-related and range between 4.6% and 8.05%, with a member building up a pension based on 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 2.32% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases, members may opt to give up (commute) the pension for a lump sum up to the limits set by the Finance Act 2004. Retirement age is linked to the state pension age.

Whilst Alpha is a defined benefit scheme, it is accounted for by the Group as a defined contribution scheme as the Group cannot determine its share of the underlying assets and liabilities due to it being a multi-employer unfunded defined benefit pension scheme. The cost of benefits is met by monies voted by Parliament each year.

The total cost charged to the Income Statement of £2,573,000 (2022–23: £2,679,000) represents contributions payable to the scheme by the Group. 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.

Employer contributions expected to be paid for the year ended 31 March 2025 are £2,230,000.

RMLS scheme

The Royal Mint Limited participates in Prudential Platinum Pension – The Royal Mint Limited, a funded defined benefit pension scheme in the UK. The sub-scheme is administered within a trust which is legally separate from The Royal Mint Limited. The scheme will benefit from a refund of surplus assets assuming gradual settlement of the scheme's liabilities. There is an independent trustee who acts in the interest of the sub-scheme and all relevant stakeholders, including the members and The Royal Mint. The trustee is responsible for the investment of the sub-scheme's assets.

This sub-scheme provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension.

Risks

The residual RMLS poses a number of risks to the Group, including 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.

NOTE 17 CONTINUED

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 2022. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures which are determined using best estimate assumptions.

Details of valuation assumptions

An accounting valuation of the RMLS assets and liabilities for financial reporting purposes was carried out on 31 March 2024 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 scheme.

The principal actuarial assumptions used were:	2024	2023
Discount rate	4.90%	4.85%
Price inflation RPI	3.00%	3.15%
Price inflation CPI (pre-2030)	2.00%	2.15%
Price inflation CPI (post-2030)	2.80%	2.95%
Revaluation of deferred pensions: benefits accrued before 01/02/2014	3.00%	3.15%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (pre-2030)	2.00%	2.05%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (post-2030)	2.80%	2.85%
Increase to pensions in payment: benefits accrued before 01/02/2014	3.00%	3.15%
Increase to pensions in payment: benefits accrued after 01/02/2014 (pre-2030)	2.10%	2.15%
Increase to pensions in payment: benefits accrued after 01/02/2014 (post-2030)	2.80%	2.95%

	2024	2023
Mortality assumption – male pre- and post-retirement	113% SAPS S3PMA CMI 2022 1.25% long-term trend 0.2% initial addition 0.0% 2020 weighting 0.0% 2021 weighting 0.0% 2022 weighting	113% SAPS S3PMA CMI 2021 1.25% long-term trend 0.2% initial addition 7.5% 2020 weighting 7.5% 2021 weighting
Mortality assumption – female pre- and post-retirement	106% SAPS S3PFA CMI 2022 1.25% long-term trend 0.2% initial addition 0.0% 2020 weighting 0.0% 2021 weighting 0.0% 2022 weighting	106% SAPS S3PFA CMI 2021 1.25% long-term trend 0.2% initial addition 7.5% 2020 weighting 7.5% 2021 weighting
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year-end	85.8	85.9
Female aged 65 at year-end	88.7	88.9
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year-end	87.1	87.2
Female aged 45 at year-end	90.2	90.3

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

Amounts recognised in the Statement of Financial Position:	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Fair value of plan assets	21,501	20,428	23,173	22,695	17,456
Present value of plan liabilities	(13,722)	(13,944)	(21,577)	(24,635)	(18,987)
Net defined benefit asset/(liability)	7,779	6,484	1,596	(1,940)	(1,531)

NOTE 17 CONTINUED

Amounts recognised in the Income Statement:	2023–24 £'000	2022–23 £'000
Service cost:		
Administration expenses	40	60
Net interest expense	(314)	(43)
Amounts (credited)/charged to the Income Statement	(274)	17

Remeasurements of the net (asset)/liability:		
(Gain)/loss on scheme assets (excluding amounts included in interest expense)	(375)	3,149
(Gain)/loss arising from changes in financial assumptions	(733)	(10,779)
Gain arising from changes in demographic assumptions	(92)	6
Experience loss/(gain)	198	2,760
(Credit)/charge recorded in other comprehensive income	(1,002)	(4,864)
Total defined benefit (credit)/charge	(1,276)	(4,847)

	2024 £'000	2023 £'000
Fair value of assets at beginning of year	6,484	1,596
Movements in year:		
Administration expenses paid	19	41
Administration expenses charge	(40)	(60)
Net interest credit	314	43
Re-measurement gains/(losses):		
Actuarial gains arising from changes in financial assumptions	733	10,779
Actuarial gains/(losses) arising from changes in demographic assumptions	92	(6)
Return on scheme assets (excluding amounts included in interest expense)	375	(3,149)
Other experience items	(198)	(2,760)
Net scheme asset at end of year	7,779	6,484

Changes in the present value of assets over the year:	2024 £'000	2023 £'000
Fair value of assets at beginning of year	20,428	23,173
Movements in year:		
Return/(loss) on scheme assets (excluding amounts included in interest expense)	375	(3,149)
Interest income	984	623
Administrative expenses paid	19	41
Benefits paid	(265)	(200)
Administration expenses	(40)	(60)
Scheme assets at end of year	21,501	20,428

Actual return on assets over the year was £1,359,000 (2022–23: loss of £2,526,000).

NOTE 17 CONTINUED

Changes in the present value of liabilities over the year:	2024 £'000	2023 £'000
Scheme liabilities at beginning of year	13,944	21,577
Movement in year:		
Interest cost	670	580
Re-measurement (gains)/losses:		
Actuarial gains arising from changes in financial assumptions	(733)	(10,779)
Actuarial (gains)/losses arising from changes in demographic assumptions	(92)	6
Other experience items	198	2,760
Benefits paid	(265)	(200)
Scheme liabilities at end of year	13,722	13,944

The split of the scheme's liabilities by category of membership is as follows:	2024 £'000	2023 £'000
Deferred pensioners	11,024	11,603
Pensions in payment	2,698	2,341
	13,722	13,944
Average duration of the scheme's liabilities at the end of the period (years)	22	23

The major categories of scheme assets are as follows:	2024 £'000	2023 £'000
Return seeking		
UK Equities	-	6,210
Overseas Equities	-	5,796
Diversified Growth Fund	4,262	1,119
	4,262	13,125
Debt instruments		
Corporates	-	3,615
Index Linked	17,239	3,688
	17,239	7,303
Total market value of assets	21,501	20,428

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 Limited expects to meet the cost of administrative expenses for the scheme during year ending 31 March 2025.

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate was 0.1% higher (lower), the scheme liabilities would decrease by £290,000 (increase by £300,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1% higher (lower), the scheme liabilities would increase by £300,000 (decrease by £290,000). 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 £430,000 (decrease by £460,000) if all the other assumptions remained unchanged.

NOTE 18 CAPITAL COMMITMENTS

	2024 £'000	2023 £'000
Commitments in respect of contracts – tangible assets	1,020	5,471
Commitments in respect of contracts – intangible assets	1,390	18
	2,410	5,489

NOTE 19 OPERATING LEASE COMMITMENTS

	2024 £'000	2023 £'000
Operating lease rentals due on leases expiring:		
Less than one year	55	11
Between one and five years	273	267
	328	278

The operating commitment note is no longer relevant under IFRS 16. However, as the exemption has been taken 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

Ultimate parent and other government bodies

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.

The Royal Mint Limited has a revolving credit facility from the Royal Mint Trading Fund, whereby the amount drawn down from the National Loans Fund is passed on to The Royal Mint Limited. This revolving credit facility has a limit of £36.0 million (2023: £36.0 million), of which £10.0 million was drawn down at 31 March 2024 (£12.0 million at 31 March 2023). This facility is arranged through specific utilisation requests for durations of no more than 180 days.

In addition, the Royal Mint Trading Fund has had a number of transactions with UK Government departments. Balances with other Government bodies are set out in notes 12 and 14.

Associates

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 £3,529,947 (2022–23: £32,146,213) and the amount outstanding at 31 March 2024 was £125,540 (2023: £300,536);
2. The Royal Mint Limited's sales to Sovereign Rarities Limited were £5,749,515 (2022–23: £11,387,823) and the amount outstanding at 31 March 2024 was £708,172 (2023: £195,938); and
3. The Royal Mint Limited received a dividend from Sovereign Rarities Limited of £150,000 (2022–23 £133,333).

Management

During the year, none of the Board members, members of the key management staff or other related parties have undertaken any material transactions with the Royal Mint Trading Fund.

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:

	2023–24 £'000	2022–23 £'000
Salaries and other short-term employee benefits	1,327	1,680
Post-employment benefits	224	223
	1,551	1,903

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

NOTE 21 ANALYSIS OF NET FUNDS/(DEBT)

CONSOLIDATED	At 1 April 2023 £'000	Non-cash changes £'000	Cash flow £'000	At 31 March 2024 £'000
Cash at bank and in hand	8,002	571	2,567	11,140
Obligations under lease	(2,137)	(151)	744	(1,544)
Loans	(12,576)	-	2,121	(10,455)
	(6,711)	420	5,432	(859)

NOTE 22 OTHER GAINS/(LOSSES) – NET

	2023–24 £'000	2022–23 £'000
Foreign exchange gain/(loss)	288	(2,141)
Foreign exchange forward contracts gain	235	617
Precious metal forward contracts gain	2,782	1,951
Ineffectiveness of commodity hedges	(249)	176
Operational losses associated with ETC	411	97
Release of grant income	153	153
	3,620	853

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

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

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

NOTE 23 FINANCIAL INSTRUMENTS

	2024 £'000	2023 £'000
Derivative asset		
Foreign currency fair value	792	825
Commodity fair value	99	341
Precious metal fair value	2,853	1,952
	3,744	3,118

	2024 £'000	2023 £'000
Derivative liability		
Foreign currency fair value	89	384
Commodity fair value	351	449
Precious metal fair value	71	1
	511	834

FINANCIAL RISK MANAGEMENT

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

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 2024 £'000	Average forward rate 2024	Fair value 2024 £'000	Contract amount 2023 £'000	Average forward rate 2023	Fair value 2023 £'000
Forward contract – sell £/buy EUR Maturing in less than 1 year	1,723	1.1648	(6)	14,475	1.1185	(135)
Forward contract – sell £/buy USD Maturing in less than 1 year	2,159	1.2677	6	1,177	1.2194	(13)
Forward contract – buy £/sell USD						
Maturing in less than 1 year	31,978	1.2385	513	18,070	1.1862	628
Maturing in more than 1 year	3,469	1.2267	85	3,538	1.2235	37
	35,447	1.2326	598	21,608	1.2048	665
Forward contract – buy £/sell EUR						
Maturing in less than 1 year	7,821	1.1502	89	12,097	1.1363	(41)
Maturing in less than 1 year	979	1.1255	16	2,114	1.1373	(35)
	8,800	1.1502	105	14,211	1.1363	(76)

NOTE 23 CONTINUED

SENSITIVITY ANALYSIS

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

	Closing exchange rate 2024	Effect on net earnings of a 10% decrease 2024 £'000	Closing exchange rate 2023	Effect on net earnings of a 10% decrease 2023 £'000
Euros	1.1693	160	1.1360	309
US dollars	1.2625	1,775	1.2386	781
		1,935		1,090

	Closing exchange rate 2024	Effect on net earnings of a 10% increase 2024 £'000	Closing exchange rate 2023	Effect on net earnings of a 10% increase 2023 £'000
Euros	1.1693	(131)	1.1360	(253)
US dollars	1.2625	(1,452)	1.2386	(639)
		(1,583)		(892)

COMMODITY PRICE RISK

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

	Tonnes 2024	Value at average price 2024 £'000	Fair value 2024 £'000	Tonnes 2023	Value at average price 2023 £'000	Fair value 2023 £'000
Cash flow hedges:						
Copper futures –						
GBP-denominated contracts:						
Maturing in less than 1 year	75	530	-	100	593	112
Nickel futures –						
GBP-denominated contracts:						
Maturing in less than 1 year	96	1,500	(216)	60	1,397	(233)
Maturing in more than 1 year	18	286	(36)	18	355	12
	114	1,786	(252)	78	1,752	(221)

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 2024 £	Effect on net earnings of a 10% decrease 2024 £'000	Effect on equity of a 10% decrease 2024 £'000	Closing price/tonne 2023 £	Effect on net earnings of a 10% decrease 2023 £'000	Effect on equity of a 10% decrease 2023 £'000
Copper	6,905	(43)	(10)	7,221	24	(85)
Nickel	13,075	(236)	83	18,668	(328)	181
		(279)	73		(304)	96

	Closing price/tonne 2024 £	Effect on net earnings of a 10% increase 2024 £'000	Effect on equity of a 10% increase 2024 £'000	Closing price/tonne 2023 £	Effect on net earnings of a 10% increase 2023 £'000	Effect on equity of a 10% increase 2023 £'000
Copper	6,905	63	(10)	7,221	146	(85)
Nickel	13,075	44	110	18,668	(33)	181
		107	100		113	96

The Group has precious metal (gold, silver and platinum) leasing arrangements with three banks. The arrangements allow the counterparty 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.

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

	Ozs 2024	Value at average price 2024 £'000	Fair value 2024 £'000	Ozs 2023	Value at average price 2023 £'000	Fair value 2023 £'000
Gold forwards – GBP-denominated contracts: Maturing in less than 1 year	32,704	55,082	2,845	45,325	70,738	1,947
Silver forwards – GBP-denominated contracts: Maturing in less than 1 year	7,026	137	6	186,222	3,590	4

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 2024 £	Effect on net earnings of a 10% decrease 2024 £'000	Closing price/oz 2023 £	Effect on net earnings of a 10% decrease 2023 £'000
Gold	1,754	(5,793)	1,598	(7,269)
Silver	19	(14)	19	(359)
Platinum	718	-	792	-
		(5,807)		(7,628)

NOTE 23 CONTINUED

	Closing price/oz 2024 £	Effect on net earnings of a 10% increase 2024 £'000	Closing price/oz 2023 £	Effect on net earnings of a 10% increase 2023 £'000
Gold	1,754	5,793	1,598	7,269
Silver	19	14	19	359
Platinum	718	-	792	-
		5,807		7,628

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

	Closing price/oz 2024 £	Effect on net earnings of a 10% change 2024 £'000	Closing price/oz 2023 £	Effect on net earnings of a 10% change 2023 £'000
Gold	1,754	295	1,598	481
Silver	19	48	19	187
Platinum	718	19	792	83
		362		751

INTEREST RATE RISK

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

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

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

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

	2024 £'000	Effect on net earnings of a 10% change 2024 £'000	2023 £'000	Effect on net earnings of a 10% change 2023 £'000
Loans	10,455	81	12,576	70

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:				
2024	-	-	172	-
2023	16	-	-	-

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:				
2024	3	-	-	13
2023	28	6	1	2

Consumer Coin Business to Consumer

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

	Statement 0 status £'000	Balance overdue statement 1 status £'000	Balance overdue statement 2 status £'000	Balance overdue statement 3 status £'000
Business to Consumer receivables:				
2024	2,951	160	16	63
Expected loss allowance at 31 March 2024	-	(32)	(7)	(63)
2023	4,514	40	34	172
Expected loss allowance at 31 March 2023	(135)	(8)	(15)	(172)

Precious Metals

The bullion is purchased specifically for the customer's order and is payable within 48 hours. Bullion is only despatched when payment is received.

	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 91 and 120 days £'000	Over 120 days £'000
Precious Metal trade receivables:				
2024	173	10	40	349
2023	14	147	116	511

NOTE 23 CONTINUED

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 2024, the amount is £20,595,000 (2023: £33,870,000). Based on historical experience and the low level of default, the credit quality of financial assets that are neither past due or impaired is considered to be very high.

HIERARCHY DISCLOSURE UNDER IFRS 7

The fair value of financial instruments is based on mark to market information (see table below) in terms of the hierarchy measurement requirements of IFRS 7:

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

CAPITAL MANAGEMENT AND LIQUIDITY RISK

Liquidity risk is the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. The Group's finance department is responsible for management of liquidity risk, which includes funding, settlements, related processes and policies. The Group manages liquidity risk by maintaining adequate reserves and monitoring actual cash flow against forecast. In addition, the Group has negotiated a revolving credit facility of £36.0 million until 30 November 2028, of which £10.0 million was drawn down at 31 March 2024 (2023: £12.0 million). It is anticipated that this will be sufficient to meet future requirements in conjunction with an overdraft facility of £20 million. The Group also has a fixed-term loan of which £455,000 was outstanding at 31 March 2024 (2023: £577,000).

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.

At 31 March 2024	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Borrowings	135	135	10,185	-
Lease liabilities	800	426	785	178
Other liabilities	1,470	1,200	3,600	2,400
Derivative financial instruments	511	-	-	-
Trade and other payables*	94,260	-	-	-

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

* excluding non-financial liabilities

Other liabilities included above relate to the licence fees payable to Canadian clean-tech Excir Works Corp (Excir) for technology to be utilised in our Precious Metals Recovery business in the recovery of gold and other precious metals from e-waste. See note 10 for further details.

Capital risk

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

NOTE 23 CONTINUED

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 2024 £'000	Carrying value 2023 £'000
Assets as per the Statement of Financial Position:		
Derivatives used for hedging	99	341
Trade and other receivables	21,684	33,870
Derivatives at fair value through profit and loss	3,646	2,777
Cash and cash equivalents	11,140	8,002
Liabilities as per the Statement of Financial Position:		
Borrowings	(11,999)	(14,713)
Other liabilities	(7,099)	-
Derivatives used for hedging	(351)	(449)
Derivatives at fair value through profit and loss	(161)	(386)
Trade and other payables	94,259	127,010

NOTE 24 INVESTMENTS

Trading Fund	2024 £'000	2023 £'000
Investments in subsidiaries at 31 March	59,319	59,319

	Ownership
Subsidiaries	
The Royal Mint Limited and its subsidiaries	100%
(RM Assets Limited, RM Experience Limited and RM Wynt Limited)	
The Royal Mint Museum	100%

	2024 £'000	2023 £'000
Capital and reserves:		
The Royal Mint Limited Group	73,744	80,638
The Royal Mint Museum Group	4,354	4,077
(Loss)/profit for the year:		
The Royal Mint Limited Group	(3,710)	10,165
The Royal Mint Museum Group	277	240

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

NOTE 24 CONTINUED

Group	2024 £'000	2023 £'000
Investments in associate at 31 March	2,793	2,763

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

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

At 31 March 2024, Sovereign Rarities had £71,000 of fixed assets, £11,310,000 of current assets comprising £11,025,000 of stock and £285,000 of debtors, less liabilities of £1,416,000 resulting in total net assets of £9,965,000. The Royal Mint share was therefore £2,332,000 with a share in profits of £180,000 during the year. The total value of the investment included in the Group was £2,793,000. As in previous years, no amount has been recognised through Other Comprehensive Income in respect of the associate company.

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

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

On 1 April 2024, certain amendments to the Group's technology licence agreement with Excir (see note 10) became effective. In particular, the minimum term of the licence was extended to 31 March 2039 and the profile of the licence fees was changed such that lower licence fees are payable during the first nine years and higher annual licence fees are payable thereafter. The liability for licence fees was remeasured as the present value of the amended licence fees payable over the minimum term of the licence discounted at 6.4%. As a result, the carrying amount of the liability increased by £8,647,000 to £15,746,000 and a corresponding increase in the carrying amount of the licence to £16,115,000. The revised carrying amount of the licence will be amortised over its minimum term.

The amended licence agreement provides for profit-sharing and other contingent payments to Excir in place of the royalties that were payable under the original licence agreement. Any such payments will be recognised as an expense as they are incurred.

On 9 April 2024, The Royal Mint Limited announced its decision to cease making circulating coins for customers outside the UK. All existing orders will be fulfilled and The Royal Mint remains fully committed to making circulating coins for the UK. The Royal Mint expects to provide roles for all employees affected by the announcement who wish to take opportunities in other areas of the business, however a voluntary process has been in place throughout the year that has allowed employees to request to leave and receive a single payment.

Reflecting on the fact that the decision to cease making circulating coins for customers outside the UK was made by the Board shortly before the end of March 2024, but the decision was announced on 9 April 2024, the expected financial impact of the changes are:

- accelerated depreciation: certain fixed assets of the Currency business will no longer be required once production for existing overseas contracts is complete. Accelerated depreciation of £1.4 million is included in the current year, with a further £12.5 million expected in 2024–25;
- stores and spares items associated with the above fixed assets have been impaired for £1.0 million with no further costs expected;
- the onerous element of committed overseas contracts has been provided for in the current year for £1.3 million;
- employee costs: as at 31 March 2024, 48 employees had left the Group under the voluntary scheme outlined above and a further 14 had signed agreements to leave. Costs of £2.6 million are recognised within 2023–24 as Restructuring Costs. Future costs will be subject to further individual applications and, as such, no estimate is included at this stage; and
- decommissioning and project costs: following the announcement, a project team has been created to oversee the decommissioning of fixed assets and managing the wider project. No costs were recognised in 2023–24. Future costs are subject to a detailed exercise, and it is not yet possible to estimate the financial impact at this stage.

NOTE 26 AUTHORISATION FOR ISSUE

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

THE ROYAL MINT

THE ORIGINAL MAKER

E03164566

ISBN 978-1-5286-5074-8

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