THE ROYAL MINT®

THE ORIGINAL MAKER

ANNUAL REPORT

2021–2022

Please note that The Royal Mint's Annual Report 2021–22 was produced before the passing of Her Late Majesty Queen Elizabeth II. As a result it does not reference the sad event or any changes to the Royal Family.

The Royal Mint Limited

CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Company registration number: 6964873

Annual Report 2021–22

THE ROYAL MINT LIMITED

DIRECTORS

Graham Love*
CHAIRMAN

Anne Jessopp
CHIEF EXECUTIVE

Nicola Howell
CHIEF COMMERCIAL OFFICER

Andrew Mills
DIRECTOR OF CURRENCY

Huw Lewis
CHIEF FINANCIAL OFFICER

Xenia Carr-Griffiths*
Cheryl Toner*
Kate Barnett*
William Spencer*
Shimi Shah*
Andrew Butterworth*
Representative of the Royal Mint Trading Fund and HM Treasury as shareholder

*Non-Executive Directors

Company Secretary
Christopher Inson

EXECUTIVE MANAGEMENT TEAM

Anne Jessopp
CHIEF EXECUTIVE

Nicola Howell
CHIEF COMMERCIAL OFFICER

Andrew Mills
DIRECTOR OF CURRENCY

Huw Lewis
CHIEF FINANCIAL OFFICER

Leighton John
DIRECTOR OF OPERATIONS

Sarah Bradley
DIRECTOR OF HR AND SHE

Sean Millard
CHIEF GROWTH OFFICER

Caroline Webb
CHIEF MARKETING OFFICER

Fraser Forbes
DIRECTOR OF SUPPLY CHAIN

Independent auditors
PricewaterhouseCoopers LLP

Internal auditor
KPMG LLP

Company registration number: 6964873
Registered office: The Royal Mint Limited, Llantrisant CF72 8YT
Email: informationoffice@royalmint.com
Website: royalmint.com

Certifications

ISO 9001 – QUALITY MANAGEMENT

IS0 9001 is a certified quality management system (QMS) for organisations that have proven their ability to consistently provide products and services that meet the needs of their customers and other relevant stakeholders.
Certificate number FM 13962

ISO 14001 – ENVIRONMENTAL MANAGEMENT

The principal management system standard which specifies the requirements for the formulation and maintenance of an environmental management system.
Certificate number EMS 84940

ISO 50001 – ENERGY MANAGEMENT

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

ISO 27001 – INFORMATION SECURITY MANAGEMENT

ISO 27001:2013 is the international standard for information security. It sets out the specification for an information security management system (ISMS). ISO 27001 is a framework that helps 'establish, implement, operate, monitor, review, maintain and continually improve an ISMS'.

ISO 45001 – OCCUPATIONAL HEALTH & SAFETY MANAGEMENT

ISO 45001:2018 specifies requirements for an occupational health and safety (OH&S) management system, and gives guidance for its use, to enable organisations to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance.

Memberships

LBMA

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

LPPM

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

Contents

Chairman's Statement

> It is a rare privilege to see a business transform, and an even rarer privilege to be part of a team that transforms at the scale and speed of The Royal Mint.
>
> Three years ago, we set ourselves the ambition of reinventing The Royal Mint for the twenty-first century. As Britain's oldest business, we went back to our roots and placed our heritage, expertise in precious metals and craftsmanship at the heart of what we do.

We invested in our brand, grew our Precious Metal and Commemorative Coin businesses and attracted new customers. When coronavirus hit it meant we were already well placed to mitigate the impact on cash use.

This commitment to reinvention has transformed the business and safeguarded our future, and I'm delighted to announce that in 2021–22 we delivered The Royal Mint's largest profit since becoming a limited company in 2009.

During the financial year, we reported an operating profit of £17.9 million, up from £12.7 million in 2020–21. This transformation is a credit to the Executive Board who made bold decisions, the support of shareholder HM Treasury and The Royal Mint's employees – who embraced change and consistently delivered results.

The biggest success story of the transformation is our Precious Metals division. During the three-year reinvention strategy, it saw contribution to operating profit grow from £3.7 million in 2018–19 to £20.3 million in 2021–22.

Whilst it is undeniable that market conditions have favoured gold and silver investment over recent years, our growth has outperformed many of our competitors and helped to fundamentally change the appeal and perception of The Royal Mint's brand.

Innovative products such as Little Treasures and DigiGold, making it easy and accessible for customers to invest in precious metals online, have attracted thousands of new customers to The Royal Mint. In the wholesale market, our gold-backed exchange-traded commodity (ETC) and Gold for Pensions products are raising our status amongst institutional investors.

The enduring appeal of precious metals also helped us identify new opportunities and focus on what is at the core of our brand. Over 1,100 years ago, The Royal Mint began making coins in gold and silver, and we've honed our expertise in design and craftsmanship ever since.

In 2021–22, we announced that we had partnered with Canadian tech firm Excir to bring pioneering new technology to the UK capable of recovering precious metals from electronic waste. We are now building a full-scale plant to develop this technology and provide a sustainable source of precious metals directly into the business. The first of this sustainably sourced gold will be used in a new luxury jewellery collection called '886 by The Royal Mint' in celebration of our symbolic founding date.

Coins remain central to our strategy and during the Platinum Jubilee year, historic and collectable coins contributed over half of the Group's total profit. Royal-themed coin collections, larger coins and historic coin auctions helped to increase the Consumer division's contribution to operating profit to £26.9 million (£21.3 million in 2020–21). Our Commemorative Coin and Collector Services businesses continued to see overseas growth, particularly in the US and Asia. Across the business, international revenue increased to £939.8 million (£615.7 million in 2020–21), as we strategically grew into markets outside the UK.

This record performance was set against the continued disruption of the coronavirus pandemic. Our procurement team have been instrumental in mitigating the operational impact of this, working with nearly 1,000 suppliers globally. This means we maintained supply of gold and silver throughout the year despite challenging circumstances, and this is a credit to the collaborative approach of our teams and partners.

As we look ahead, we are building from a stronger financial base than ever – with a portfolio of established businesses alongside promising new ventures. This year, we unveiled our new five-year plan, focused on sustainable growth – both financially and environmentally. It will see us pioneer new ways to provide sustainable precious metals, champion British craftsmanship and grow the appeal and value of The Royal Mint for the future.

Graham Love
CHAIRMAN

OUR PURPOSE

Produce coins and associated services to the UK Treasury.

With coins at our core, grow the long-term value of The Royal Mint asset.

OUR OWNER

The Royal Mint is a limited company, wholly owned by HM Treasury.

OUR CORPORATE THEMES

PREMIUM

A GLOBAL BUSINESS

HOME OF PRECIOUS METALS

LONG-TERM CUSTOMERS

BUSINESS UNITS

The Royal Mint operates as a portfolio business specialising in precious metals and coins

CONSUMER DIVISION

- COLLECTOR SERVICES
- COMMEMORATIVE COIN & RME
- PRECIOUS METALS

CURRENCY

- CURRENCY

NEW VENTURES

- 886 BY THE ROYAL MINT
- SUSTAINABLE PRECIOUS METALS

OUR VALUES

- We all matter
- We walk in our customers' shoes
- We think differently
- We deliver results

OUR VISION

Being famous and trusted, as The Original Maker, making metals precious to our customers, showcasing British craftsmanship.

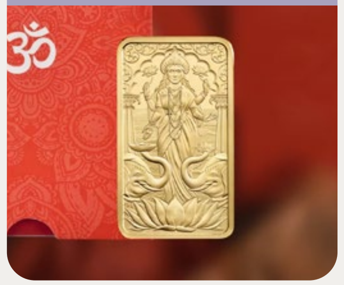
These eight strategic areas align our business units – shaping decisions and plans to achieve the vision

OUR BRAND

THE ROYAL MINT®
THE ORIGINAL MAKER

BRITISH CRAFTSMANSHIP

DIVERSITY AND INCLUSION



SUSTAINABILITY

Chief Executive's Report

The last three years have focused on a strategy to reinvent The Royal Mint and we are delighted to have achieved a significant milestone in our 1,100-year history. In financial year 2021–22, we delivered an operating profit of £17.9 million (£12.7 million in 2020–21) – our largest profit since becoming a limited company, and since we were founded. This year also marked the end of our three-year strategy, designed to transform the business and deliver for the future.

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

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

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

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

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

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

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

THE NEXT STAGE OF OUR TRANSFORMATION

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

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

SETTING THE STANDARDS FOR SUSTAINABILITY

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

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

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

To safeguard jobs and make the UK a leader in the circular economy of electronic goods and precious metals, we are now developing a multimillion-pound plant to process thousands of tonnes of electronic waste per week, and this is set to begin operating in 2023.

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

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

CHAMPIONING BRITISH CRAFTSMANSHIP

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

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

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

A GREAT PLACE TO WORK

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

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

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

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

THE YEAR AHEAD

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

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

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

Anne Jessopp
CHIEF EXECUTIVE

Strategic Report

ACTIVITIES AND STRUCTURE

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

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

FINANCIAL PERFORMANCE

The Royal Mint Group generated an operating profit before exceptional items and IFRS 9 adjustments of £18.1 million (2020–21: £12.7 million). After accounting for exceptional items, IFRS 9 adjustments, financing costs and share of associates profit the Group generated a profit before tax of £18.0 million (2020–21: profit of £12.4 million).

THE ROYAL MINT LIMITED COMPANY

The Royal Mint Limited operates as a portfolio business, with two main divisions: Currency and Consumer. The Consumer channel includes Precious Metals, Commemorative Coin, Collector Services, The Royal Mint Experience and our gold-backed ETC.

Overall revenue increased to £1.4 billion (2020–21: £1.1 billion). This was predominately driven by a significant increase in the revenue generated by our Precious Metals division due to the continued economic uncertainty following the coronavirus pandemic.

Operating profit before accounting for the impact of IFRS 9-related items and exceptional items increased to £18.1 million (2020–21: £12.8 million). The performance of the individual businesses is discussed in more detail on the following pages.

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

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

RM EXPERIENCE LIMITED

RM Experience Limited ('RME') was formed as a wholly owned subsidiary of The Royal Mint Limited during 2017 to operate The Royal Mint Experience visitor attraction. RME made a small profit in the year to 31 March 2022. This profit represents an operator charge to The Royal Mint Limited and is eliminated on consolidation.

RM WYNT LIMITED

RM Wynt Limited is a wholly owned subsidiary that owns the Group's wind turbine, which has been providing energy to The Royal Mint since September 2018. RM Wynt made a small operating loss in the year to 31 March 2022. Income and charges from The Royal Mint Limited are eliminated on consolidation. As a responsible business, we are investigating additional sustainable energy options for the future.

SOVEREIGN RARITIES LIMITED

The Royal Mint has a 23.4% share in Sovereign Rarities Limited, a historic coin dealership based in London, in order to grow its historic coin business. During the year, Sovereign Rarities made a profit of £2.9 million (2020–21: £2.5 million) of which The Royal Mint has included a 23.4% share in its Income Statement.

RM ASSETS LIMITED

RM Assets Limited has not traded during the year ended 31 March 2022.

CONSOLIDATED FINANCIAL POSITION

Net assets increased by £12.4 million to £72.4 million. The increase in net assets has resulted from generating a profit after tax of £13.2 million; a gain in the hedging reserve of £0.4 million; a reduction in the pension deficit (net of tax) of £2.6 million; partially offset by a payment of £3.7 million dividend relating to 2020–21 performance.

The Royal Mint Group financial results summary

	2021–22 £m	2020–21 £m
Revenue		
Currency	64.1	93.0
Consumer	122.8	112.6
Precious Metals	1,216.5	843.8
Other	0.1	7.5
Total	1,403.5	1,056.9
Operating (loss)/profit		
Currency	(4.5)	(1.4)
Consumer	26.9	21.3
Precious Metals	20.3	15.4
New Businesses	(2.7)	(1.6)
Central overheads	(21.9)	(20.9)
Total Royal Mint Limited	18.1	12.8
RM Wynt Limited	(0.1)	(0.1)
RM Experience Limited	0.1	-
Operating profit before IFRS 9-related adjustments and exceptional items	18.1	12.7
IFRS 9-related adjustments (note 5)	0.3	0.8
Exceptional items (note 5)	(0.4)	(0.8)
Operating profit	18.0	12.7
Sovereign Rarities Limited	0.6	0.6
Net finance cost	(0.6)	(0.9)
Profit before tax	18.0	12.4

Consumer

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

During the year, Consumer revenue increased by 40% to £1.34 billion (2020–21: £956.4 million), and contribution to operating profit increased to £47.3 million (2020–21: £36.7 million).

Precious Metals

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

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

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

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

HIGHLIGHTS OF THE YEAR

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

Commemorative Coin

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

As the most profitable business within the Consumer portfolio, the Commemorative Coin division drove the largest share of the contribution to operating profit of £26.9 million (2020–21: £21.3 million). To mark the historic Platinum Jubilee, The Royal Mint launched one of the largest coin collections in its history, including the first royalty-themed 50p. The collection gained intense media interest, including on the front page of *The Times* newspaper, and the majority of the range sold out on launch day.

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

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

HIGHLIGHTS OF THE YEAR

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

We unveiled our Royal Tudor Beasts series at an exclusive customer event in Hampton Court Palace.

Collector Services

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

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

HIGHLIGHTS OF THE YEAR

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

> "Collect Week, The Royal Mint's annual celebration of collectors and collectables, reached a record audience of 20,000 visitors every day.

Currency

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

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

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

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

HIGHLIGHTS OF THE YEAR

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

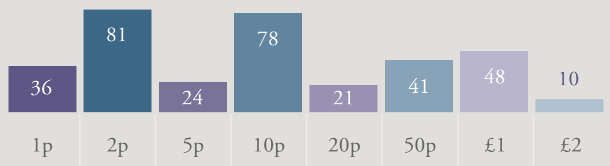
UK Coins Issued in Year

PIECES IN MILLIONS

2021–22

TOTAL ISSUED

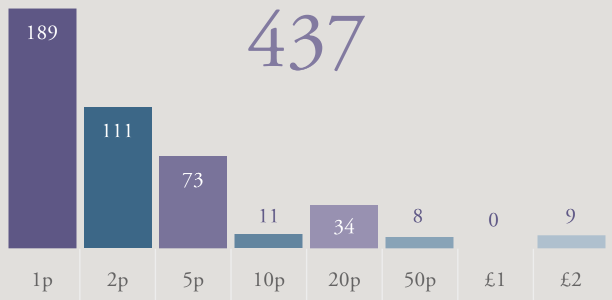
339



2020–21

TOTAL ISSUED

437



Key Performance Indicators (KPIs)

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

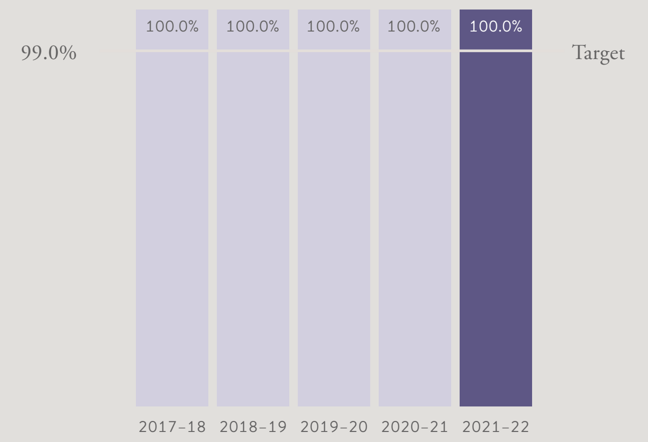
TARGET 1
Economic Value Added (EVA)

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

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

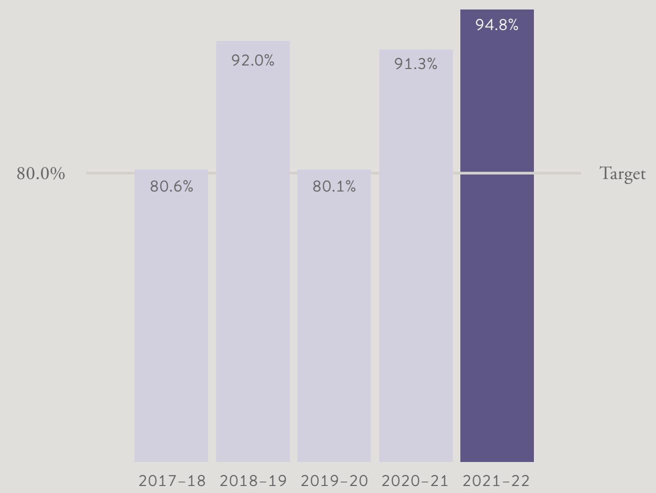
TARGET 2
UK Circulating Coin

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



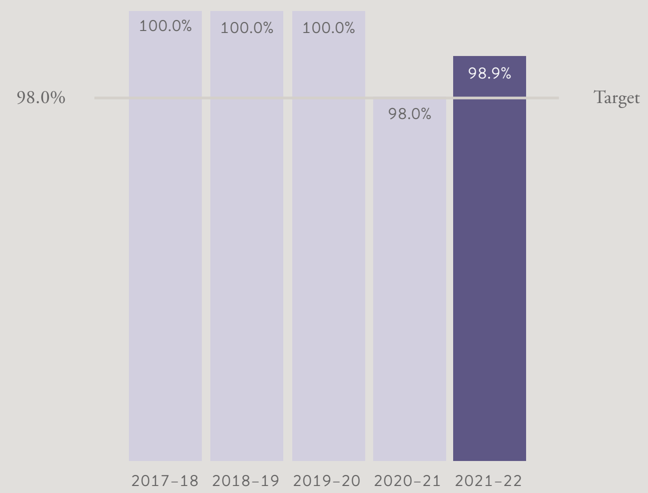
TARGET 3
UK Consumer Coin

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



TARGET 4
Medals

Orders delivered by the agreed delivery date.



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

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

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

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

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

RISK MANAGEMENT

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

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

For further details on risk management, please refer to the Corporate Governance report.

OUR PEOPLE

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

For further details on our people, please refer to the Directors' Report.

BUSINESS RELATIONSHIPS

In order for us to achieve our reinvention strategy, we must maintain and develop strong business relationships. We have numerous long-standing relationships with our suppliers, which are extremely valued by the Company and are key to us achieving our strategy.

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

COMMUNITY AND ENVIRONMENT

As a large employer in the local community, we provide sustainable employment. The local and wider communities with which we interact are at the heart of the Company. During the financial year, we raised almost £15,000 for our charity of the year, Cerebral Palsy Cymru. For 2022–23, our employees voted to make Mind Cymru our charity of the year, aligning to wider activity across the business to champion mental health and wellbeing. This has included training mental health first aiders on site and developing a garden for employees to relax in. To mark the Platinum Jubilee year, we worked with the Queen's Green Canopy to support a nationwide tree-planting programme. We gave 1,000 trees to our employees and gifted 7,000 coins to schoolchildren across the UK participating in the Young Forestry Award. To minimise our environmental footprint, we employ sustainable business practices and operate within our environmental permit and our status as an upper-tier Control of Major Accident Hazard (COMAH) site.

For further details on our environmental impact, please refer to the Sustainability Report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

FINANCIAL RISK MANAGEMENT

Derivative financial instruments

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

Metal prices

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

Currency:

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

Ferrous metals:

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

Consumer:

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

Precious Metals

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

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

Foreign exchange

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

Effects of commodity hedging

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

The objective of the Group's hedging policy is to mitigate the impact of movements in the price of metal commodities, where appropriate, over time. For accounting purposes, the impact will be reflected in different accounting periods depending on the relevant ineffectiveness assessment under IFRS 9 rules. The accounting treatment in this area is therefore not necessarily a reflection of the economic impact of the Group's hedging policy but represents the respective accounting impact of hedging ineffectiveness under IFRS 9. The combined impact of this, together with open forward foreign currency exchange contracts, has been highlighted separately in the Income Statement. In 2021–22, the year-end impact was a profit of £0.3 million (2020–21: £0.8 million profit). Financial risk management disclosures are set out in note 24 to the financial statements.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

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

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

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

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

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

Approved by the Board of Directors and signed on its behalf

Anne Jessopp
CHIEF EXECUTIVE

27 July 2022

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Consolidated Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

DIRECTORS' CONFIRMATIONS

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

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

DIRECTORS

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

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

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

DIVIDENDS

Post year-end, the Board declared a dividend for 2021–22 of £5.06 million. £3.73 million relating to 2020–21 was paid during the year.

RESEARCH AND DEVELOPMENT

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

CREDITOR PAYMENT POLICY

The Royal Mint always seeks to comply with agreed terms and a total of 89% of invoices (2020–21: 90%) were paid within the agreed period. We will continue to work with our suppliers and further develop our internal processes and systems in order to deliver further improvement in this measure.

PEOPLE

Our people continue to be a key part of our business and everyone has a part to play in delivering our ambitious growth and transformation plans. We launched a new five-year plan to our employees during the year and have put significant effort into ensuring this has been cascaded effectively across the organisation. This has involved utilising a variety of communication vehicles, including face-to-face and virtual briefing sessions and a new visual strategic roadmap, as well as an on-site 'launch' event.

The Royal Mint's values continue to guide the way in which we all do our jobs and shape what it means to work as part of The Royal Mint team and we remain committed to ensuring these values are upheld by all employees across the organisation with a refreshed 'leadership behaviour framework'.

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

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

We continued to support the Government Kickstart Scheme during the year and were proud to be able to support so many young people with their first steps into employment. We have been able to support over 30 placements through the scheme since it started. Five kickstarters have secured permanent contracts with The Royal Mint; two individuals have secured fixed-term contracts with The Royal Mint; five individuals have secured temporary appointments into the business via our on-site agency; one individual left to attend university; and a further five kickstarters successfully secured permanent roles with other businesses.

DIVERSITY

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

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

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

DIRECTORS' THIRD-PARTY INDEMNITY PROVISION

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

SICKNESS ABSENCE

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has indicated its willingness to continue in office and a resolution to confirm its appointment will be proposed at the Annual General Meeting.

FUTURE DEVELOPMENTS AND FINANCIAL RISK MANAGEMENT

These areas are dealt with in the Strategic Report.

AUTHORITY OF ISSUE OF FINANCIAL STATEMENTS

The Directors gave authority for the financial statements to be issued on 27 July 2022.

Approved by the Board of Directors and signed on its behalf

Huw Lewis
CHIEF FINANCIAL OFFICER

27 July 2022

Group Financial Summary

	2021–22 £m	2020–21 £m	2019–20 £m	2018–19 £m	2017–18 £m
UK revenue	463.7	441.2	204.9	182.6	197.1
Overseas revenue	939.8	615.7	363.6	239.0	218.8
Total revenue	1,403.5	1,056.9	568.5	421.6	415.9
Operating profit before IFRS 9-related items and exceptionals	18.1	12.7	0.5	1.9	6.5
IFRS 9-related items (note 5b)	0.3	0.8	0.8	(2.4)	2.2
Exceptional items (note 5a)	(0.4)	(0.8)	(0.3)	(2.2)	(5.7)
Operating profit / (loss)	18.0	12.7	1.1	(2.7)	3.0
Net finance cost	(0.6)	(0.9)	(1.5)	(1.1)	(0.6)
Share of profit of associate	0.6	0.6	0.2	0.1	0.1
Profit / (loss) before tax	18.0	12.4	(0.2)	(3.7)	2.5
Tax	(4.8)	(2.7)	(1.2)	0.7	(1.9)
Profit / (loss) after tax	13.2	9.7	(1.4)	(3.0)	0.6
Net assets as at 31 March	72.4	60.0	51.1	56.1	62.6

Sustainability Report

Overview

THE IMPORTANCE OF ACTION

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

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

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

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

This year, our sustainability reporting reflects a broader range of key ESG topics, enabling us to celebrate our successes while continuing to look ahead. As explained by our CEO on page 10 we made significant strides on our ESG commitments over the last financial year and have also introduced a new five-year plan in which sustainability sits at the heart.

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

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

A Sustainable Future

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 & packaging development
- Resource management
- Responsible sourcing

Enhancing our Community

As the Original Maker, reviving and showcasing British skills, craftsmanship and education in the precious metals industry and proudly supporting our local and wider communities, with a focus on:

- British craftsmanship
- Sustained employment
- Skills, education & aspirations
- Community engagement

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 & inclusion
- Health & wellbeing
- Training & 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 & reporting
- ESG upskilling & ownership
- Management systems
- Business ethics
- Industry collaboration & leadership

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

ANNE JESSOPP, CHIEF EXECUTIVE OFFICER

A Sustainable Future

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

KEY ACHIEVEMENTS IN 2021–22:

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

CASE STUDY: E-WASTE INITIATIVE

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

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

99%

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

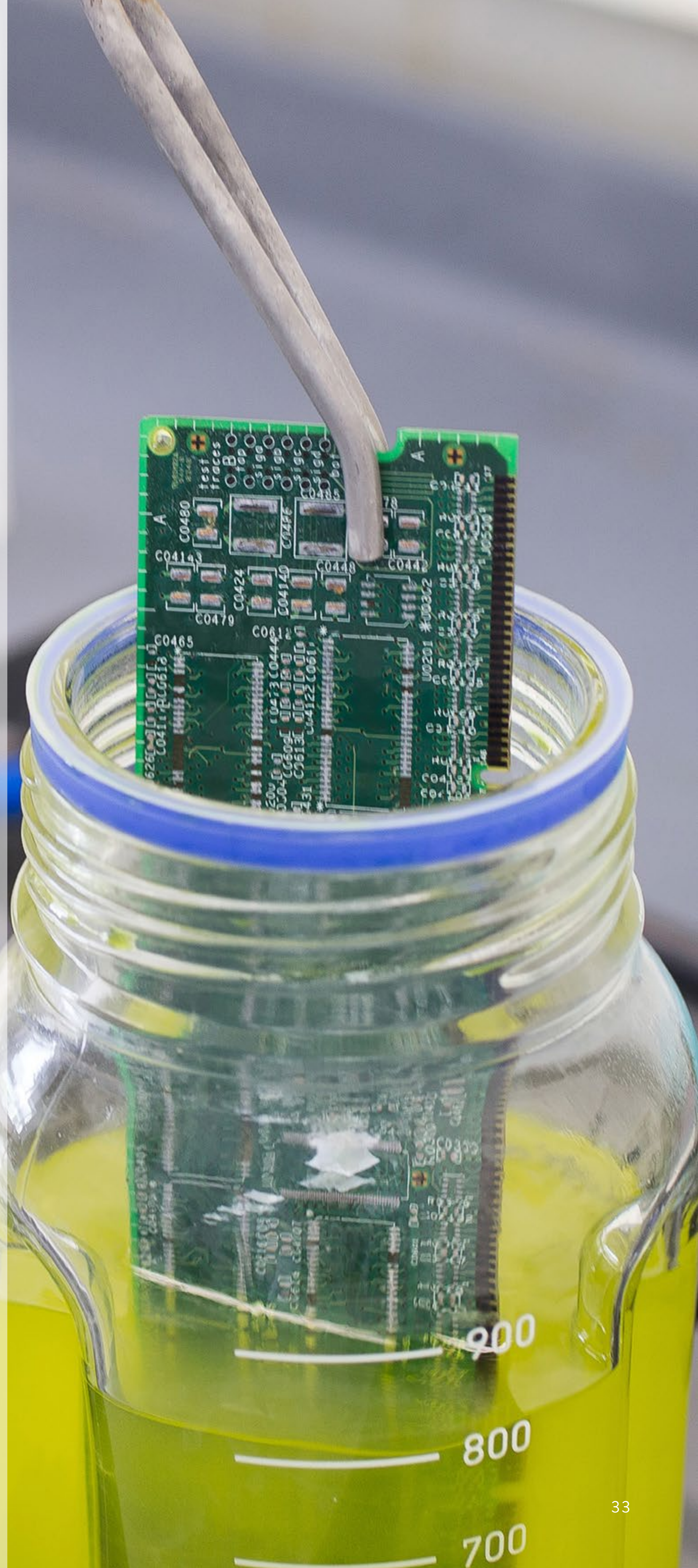
"The Royal Mint has thrived for over 1,100 years thanks to our entrepreneurial spirit, and the Excir technology complements our ambition to be a leader in sustainable precious metals. The chemistry is revolutionary and capable of recovering precious metals from electronic devices in seconds. It offers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

SEAN MILLARD, CHIEF GROWTH OFFICER

WHAT'S NEXT FOR 2022–23?

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

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



Enhancing our Community

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

KEY ACHIEVEMENTS IN 2021–22:

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

CASE STUDY: KICKSTART PROGRAMME

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

£14,767

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

"With no office experience in marketing I wasn't sure what to expect, but I'm thoroughly enjoying and I've learnt so much about the business and the different aspects of marketing in the time I've been here. I wasn't expecting to be so involved with the team from the offset, but I've been lucky enough to work on some exciting projects and everyone is so keen to help and support me."

EVE LEWIS, MARKETING ASSISTANT AND A ROYAL MINT KICKSTARTER

WHAT'S NEXT FOR 2022–23?

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

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

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

Great Place to Work

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

KEY ACHIEVEMENTS IN 2021–22:

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

CASE STUDY: LAKSHMI GOLD BAR – CELEBRATING DIWALI

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

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

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

15
EDI champions

37
mental health first aiders

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

SHIMI SHAH, NON-EXECUTIVE DIRECTOR

WHAT'S NEXT FOR 2022–23?

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

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

5 GENDER EQUALITY

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Integrated ESG

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

KEY ACHIEVEMENTS IN 2021–22:

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

CASE STUDY: ZERO TOLERANCE TO MODERN SLAVERY

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

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

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

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

5:4:1

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

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

HUW LEWIS, CHIEF FINANCIAL OFFICER AT THE ROYAL MINT

WHAT’S NEXT FOR 2022–23?

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

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

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

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

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

ACCREDITATIONS

The Royal Mint holds formal certification to a number of 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.

bsi ISO 14001 Environmental Management CERTIFIED

bsi ISO 50001 Energy Management CERTIFIED

ENERGY CONSUMPTION AND CO_2 EMISSIONS

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

RENEWABLE ENERGY

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

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

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

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

ENERGY USE AND COSTS

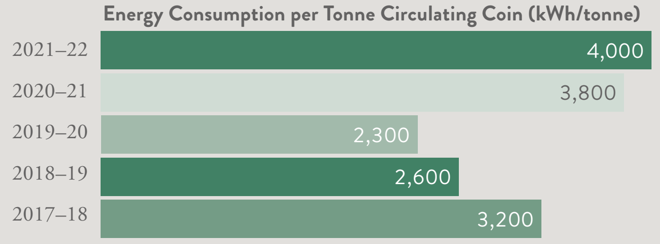
Energy consumption figures include both consumed grid energy and on-site generated energy.

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

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

EMISSIONS INTENSITY RATIO

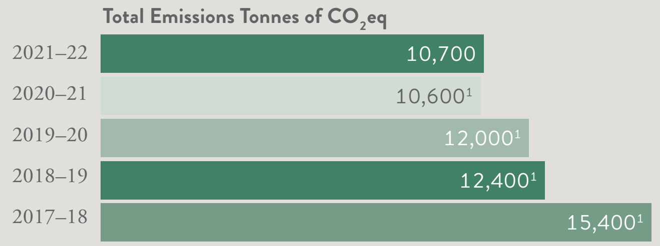
The emissions intensity ratio used by The Royal Mint and as agreed with Natural Resources Wales is energy use per tonne of circulatory coin.



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

TOTAL EMISSIONS – TONNES OF CO_2eq

For 2021–22, total emissions were 10,700 tonnes of CO_2 equivalent (CO_2eq).



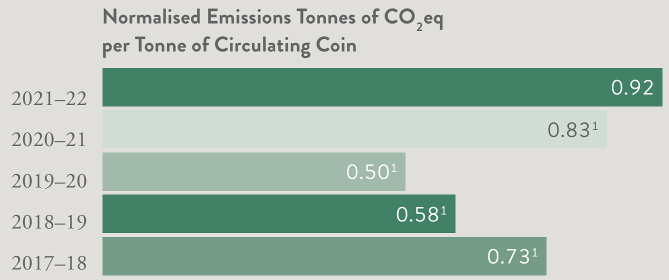
The increase in emissions is due to increased transport usage and reintroduction of airline travel.

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

The Royal Mint measures 'normalised tonnes' (calculated as tonnes of CO_2 equivalent per tonne of circulating coin manufactured) as a key indicator of energy efficiency.

NORMALISED EMISSIONS TONNES OF CO_2eq PER TONNE OF CIRCULATING COIN

For 2021–22, normalised tonnage was 0.93 CO_2 equivalent per tonne of circulating coin.



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

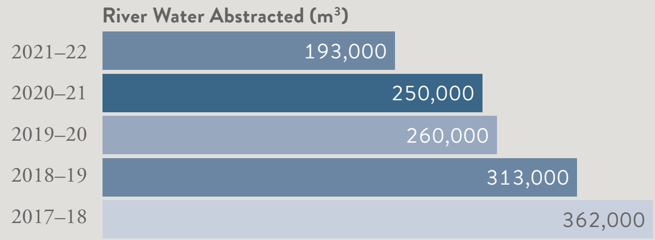
WATER MANAGEMENT

WATER CONSUMPTION

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

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

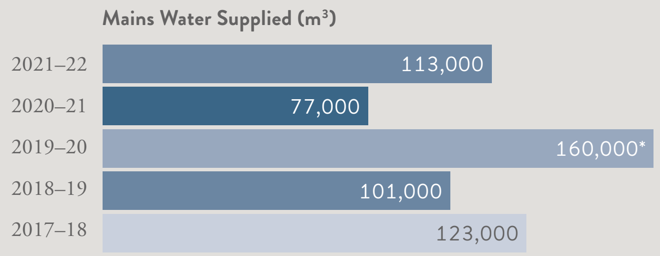
WATER ABSTRACTED (RIVER WATER)



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

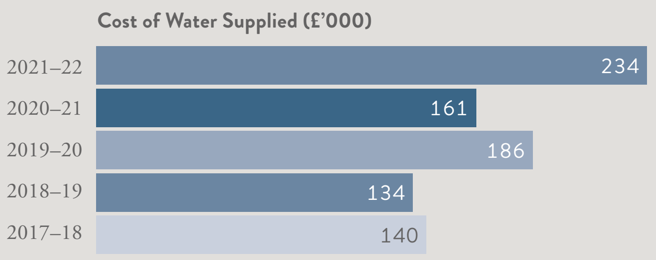
During 2021–22 96,000 m^3 of the abstracted river water was returned to the river a few hundred metres downstream from the abstraction point.

WATER SUPPLIED (MAINS WATER)

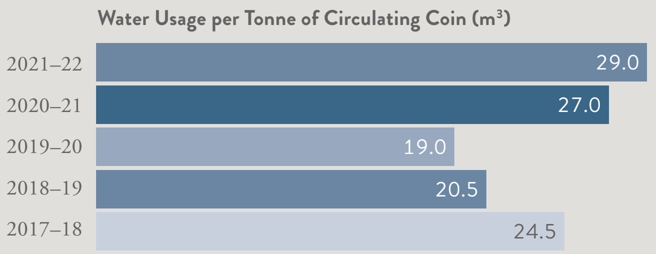


*The high mains water usage during 2019–20 was due to an on-site leak that occurred during the period October 2019 to January 2020. It is calculated that the leak resulted in approximately an additional 69,000 m^3 of water distributed to site but not utilised. The leak was in part due to the ageing site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

COST OF MAINS SUPPLIED WATER



WATER USAGE PER TONNE OF CIRCULATING COIN



WASTE

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

WASTE GENERATION AND MANAGEMENT

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

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

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

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

REPORTING AND DATA

GHG SCOPE ANALYSIS

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

Tonnes of CO_2eq		2017–18	2018–19	2019–20	2020–21	2021–22
Scope 1	Natural Gas Usage (Heating and Furnaces)	4,100	3,740	3,890	3,750	3,350
	Use of Royal Mint owned vehicles	1	1	1	1	0
	Process emissions from the Furnace Stack	2	0	0	0	0
	Fugitive Emissions (e.g., air conditioning and refrigeration leaks)	16	9	10	186[1]	0
Scope 2	Electricity Usage	6130[2]	6090[2]	6230[2]	6050[2]	5540
Scope 3	Business Travel	740	402	280	32	803
	Water Supply	18[3]	15[3]	24[3]	12[3]	17
	Water Treatment (off site)	72	70	69	46	45
	Waste disposal	228	142	252	149	135

1. The fugitive emissions from air conditioning and refrigeration leaks figure have been calculated from losses/removal identified during the six-month routine maintenance inspections multiplied by the global warming potential of the gas replaced. The 2020–2021 figure is the result of leaks totalling 92kg 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 has again decreased by 9% (in comparison to the 2020 update). The above decreases are all due to a decrease in coal use in electricity generation and an increase in renewable generation.

3. In the UK Government Conversion Factors 2021 Condensed Set for Most Users 2021, the water supply and water treatment factors are now calculated based on the 2020 data from the UK water companies Carbon Accounting Workbooks (CAW). This is because previously the values were coming from a publication of the UK water industry from 2012 that has now been discontinued. As a result the conversion factor for water supply has changed from 0.344 kg CO_2e/cubic metre to 0.149 kg CO_2e/cubic metre.

DATA SOURCES INCLUDING CONVERSION FACTORS

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

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

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

Corporate Governance

INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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;
- regular reviews by the Board of periodic and annual reports, which indicate performance against the budget and latest forecast;
- setting targets and Key Performance Indicators to measure financial and other performance;
- risk management framework as detailed below;
- clearly defined capital investment control guidelines; and
- formal physical and information security arrangements.

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

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

RISK MANAGEMENT

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

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

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

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

The Royal Mint Group's risk priorities in 2021–22 are detailed on page 24.

INTERNAL AUDIT

The Royal Mint Group operates internal audit arrangements to standards defined in the Public Sector Internal Audit Standards. During 2021–22 KPMG LLP undertook this function. Its annual audit plan and the results of its audit, including recommendations for improvement, are reported to the Chief Financial Officer and presented to the Audit Committee. It also provided an independent opinion on the adequacy of The Royal Mint Group's system of internal control.

KPMG LLP did not report any issues concerning the internal controls that require inclusion in this statement. In addition, none of the reports received during the year reported an 'unsatisfactory' conclusion.

THE BOARD AND ITS COMMITTEES

During the year, the Board of Directors comprised the Chairman, seven Non-Executive Directors and four Executive Directors (the Chief Executive, Chief Financial Officer, Director of Currency and Chief Commercial Officer). The Board met eleven times in 2021–22 (2020–21: ten times). Attendance by members at the Board and Committee meetings is set out below in relation to how many meetings they attended whilst in office:

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

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

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

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

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

THE ROLE OF THE BOARD

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

The roles and responsibilities of the Board are to:

- develop the future strategy of the business required to realise the strategic objectives;
- review, as appropriate, the strategic objectives and agree them with the shareholder;
- ensure a three- to five-year plan is in place in order to realise the strategic objectives;
- ensure that the necessary management structure, financial and human resources are in place in order to achieve the agreed plan;

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

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

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

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

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

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

AUDIT COMMITTEE

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

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

REMUNERATION COMMITTEE

The Committee comprises of no fewer than three Non-Executive Directors and meets at least twice a year. Remuneration decisions are guided by a Directors' Remuneration Framework, which was agreed with HM Treasury at the time of the Company's vesting and subsequently updated and approved by HM Treasury in May 2020. The Committee's primary role is to determine, in reference to this Framework, the remuneration and performance-related incentive schemes of the Directors and Executive Management Team, subject to the consent of the UK Government Investments (UKGI) if applicable. The Terms of Reference for the Committee are available on The Royal Mint Limited's website, and the Remuneration Report is set out on page 48.

NOMINATIONS COMMITTEE

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

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

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

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

EXECUTIVE MANAGEMENT TEAM

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

The roles and responsibilities of the Executive Management Team are:

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

GOING CONCERN

The Group meets its day-to-day working capital requirements through its banking facilities, precious metal leasing facilities and revolving credit facility from the Royal Mint Trading Fund. The £36 million revolving credit facility from the Royal Mint Trading Fund has been extended until 30 November 2023. The current economic conditions create uncertainty, particularly over (a) the level of demand for the Group's products, and (b) the availability of bank finance and the revolving credit facility for the foreseeable future. However, as we have witnessed over the last 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 forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

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

Anne Jessopp
CHIEF EXECUTIVE

27 July 2022

Remuneration Report

REMUNERATION COMMITTEE

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

REMUNERATION POLICY

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

EXECUTIVE MANAGEMENT TEAM

The team at 31 March 2022 was made up of eight roles: Chief Executive, Chief Commercial Officer, Director of Currency, Director of Operations, Chief Financial Officer, Director of HR and SHE, Chief Marketing Officer and Chief Growth Officer.

EXECUTIVE MANAGEMENT TEAM'S TERMS, CONDITIONS AND REMUNERATION

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

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

ii. Short-Term Incentive Plan (STIP)
At the start of the year the Remuneration Committee agreed the targets for the STIP for 2021–22. The purpose is to recognise and reward outstanding performance against planned business targets, with a strong focus on Economic Value Added (EVA) and Operating Profit. The maximum award for 2021–22 (given the EVA target was surpassed then Operating Profit over-performance targets triggered STIP awards) was 33% of basic salary for the CEO and 30% of basic salary for the other members of the Executive Management Team.

STIP awards are disclosed and accrued in the year they are earned. The amounts earned in 2021–22 will be paid in 2022–23.

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

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

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

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

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

REMUNERATION AND INCENTIVE PLANS

	Total Remuneration 2021–22 £'000	Remuneration before incentives 2021–22 £'000	STIP amounts earned 2021–22 £'000	LTIP amounts earned 2021–22 £'000	Total Remuneration 2020–21 £'000	Remuneration before incentives 2020–21 £'000	STIP amounts earned 2020–21 £'000	LTIP amounts earned 2020–21 £'000
Anne Jessopp	363	220	70	73	370	220	68	82
Andrew Mills	219	142	41	36	220	141	40	39
Leighton John	184	121	33	30	186	119	34	33
Martin McDade	-	-	-	-	72	72	-	-
Sarah Bradley	179	116	33	29	177	113	32	32
Nicola Howell	209	136	40	34	207	131	39	37
Sean Millard	185	125	37	23	140	109	31	-
Huw Lewis	182	125	35	22	90	70	20	-
Caroline Webb	126	99	27	-	-	-	-	-
Jonathan McGregor	-	-	-	-	107	107	-	-

Board members during the year were Anne Jessopp, Andrew Mills, Nicola Howell and Huw Lewis.
Sean Millard, Huw Lewis and Caroline Webb were appointed in May 2020, September 2020 and June 2021 respectively.
Martin McDade and Jonathan McGregor resigned in September 2020 and January 2021 respectively.

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

MEDIAN PAY

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

Using this basis, in 2021–22 the remuneration of the highest-paid director of The Royal Mint was £363,000 (2020–21: £370,000). This was nine times (2020–21: nine times) the median remuneration of the workforce, which was £40,200 (2020–21: £40,500).

PENSION BENEFITS ACCRUED

The table should be read in the context of the notes that follow.

	Value of pension benefits 2021–22 in CSPS £'000	Value of pension benefits 2020–21 in CSPS £'000	Employee Contributions paid 2021–22 £'000	Increase in accrued pension in year in excess of inflation £'000	Transfer Value as at 31 March 2022 £'000	Transfer Value as at 31 March 2021 £'000	Increase in Transfer Value less Employee Contributions £'000
Anne Jessopp	84	84	18	55	519	432	69
Andrew Mills	45	55	10	38	619	554	55
Leighton John	47	46	9	23	210	174	27
Sarah Bradley	45	44	8	27	228	186	34

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

Nicola Howell, Huw Lewis, Sean Millard and Caroline Webb are members of The Royal Mint Group Personal Pension Plan, a defined contribution scheme. Employer contributions made during the year were as follows:

Nicola Howell: £16,300 (2020–21: £15,600)
Sean Millard: £7,500 (2020–21: £6,500)
Huw Lewis: £7,500 (2020–21: £4,200)
Caroline Webb: £8,900

EMPLOYMENT AGREEMENTS

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

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

NON-EXECUTIVE DIRECTORS' TERMS, CONDITIONS AND FEES

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

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

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

William Spencer, Shimi Shah and Kate Barnett were appointed on 18 May 2020, 22 March 2021 and 28 February 2022 respectively.

David Morgan and Michael Clayforth-Carr resigned on 21 September 2020 and 28 February 2022 respectively.

Non-Executive Directors are reimbursed for reasonable travel and subsistence expenses claimed in the performance of their duties and the total amount paid to the Non-Executive Directors during 2021–22 was £4,000 (2020–21: £nil).

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

Anne Jessopp
CHIEF EXECUTIVE

27 July 2022

Independent Auditors' Report to the Members of The Royal Mint Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, The Royal Mint Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2022 and of the group's and company's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated Annual Report (the "Annual Report"), which comprise: Consolidated and Company Statements of Financial Position as at 31 March 2022; Consolidated Income Statement, Company Income Statement, Consolidated and Company Statements of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

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

Independence

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

CONCLUSIONS RELATING TO GOING CONCERN

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory compliance matters and employment regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the UK Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiry with management and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of correspondence with the company's regulators, including the Health and Safety Executive ("HSE") and the Financial Conduct Authority ('FCA');
- Review of minutes of meetings of those charged with governance;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to pension benefits, impairment of non-financial assets, trade receivables, inventory provision and the useful economic lives of tangible and intangible assets;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and consolidation journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jason Clarke
(SENIOR STATUTORY AUDITOR)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

27 July 2022

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Before IFRS 9 related items and exceptionals 2021–22 £'000	IFRS 9 related items (note 5) 2021–22 £'000	Exceptionals (note 5) 2021–22 £'000	Total 2021–22 £'000	Before IFRS 9 related items and exceptionals 2020–21 £'000	IFRS 9 related items (note 5) 2020–21 £'000	Exceptionals (note 5) 2020–21 £'000	Total 2020–21 £'000
Revenue	2	1,403,489	-	-	1,403,489	1,056,945	-	-	1,056,945
Cost of sales		(1,331,529)	(789)	-	(1,332,318)	(990,833)	(1,656)	-	(992,489)
Gross profit/(loss)		71,960	(789)	-	71,171	66,112	(1,656)	-	64,456
Administrative expenses		(22,394)	-	(426)	(22,820)	(22,201)	-	(788)	(22,989)
Selling and distribution costs		(31,451)	-	-	(31,451)	(29,561)	-	-	(29,561)
Other (losses)/gains – net	23	(53)	1,101	-	1,048	(1,678)	2,499	-	821
Operating profit/(loss)	3	18,062	312	(426)	17,948	12,672	843	(788)	12,727
Finance costs	6	(645)	-	-	(645)	(918)	-	-	(918)
Share of profit of associate accounted for using the equity method	10	663	-	-	663	593	-	-	593
Profit/(loss) before tax		18,080	312	(426)	17,966	12,347	843	(788)	12,402
Taxation	7				(4,812)				(2,694)
Profit for the financial year					13,154				9,708
Profit attributable to: Owners of the parent					13,154				9,708

The notes on pages 62 to 94 form part of the financial statements.

All results above relate to Continuing Operations.

Company Income Statement

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Before IFRS 9 related items and exceptionals 2021–22 £'000	IFRS 9 related items (note 5) 2021–22 £'000	Exceptionals (note 5) 2021–22 £'000	Total 2021–22 £'000	Before IFRS 9 related items and exceptionals 2020–21 £'000	IFRS 9 related items (note 5) 2020–21 £'000	Exceptionals (note 5) 2020–21 £'000	Total 2020–21 £'000
Revenue	2	1,403,476	-	-	1,403,476	1,056,928	-	-	1,056,928
Cost of sales		(1,331,994)	(789)	-	(1,332,783)	(991,286)	(1,656)	-	(992,942)
Gross profit/(loss)		71,482	(789)	-	70,693	65,642	(1,656)	-	63,986
Administrative expenses		(21,879)	-	(426)	(22,305)	(21,616)	-	(765)	(22,381)
Selling and distribution costs		(31,451)	-	-	(31,451)	(29,561)	-	-	(29,561)
Other (losses)/gains – net	23	(53)	1,101	-	1,048	(1,678)	2,499	-	821
Operating profit/(loss)	3	18,099	312	(426)	17,985	12,787	843	(765)	12,865
Finance costs		100	-	-	100	50	-	-	50
Share of profit of associate accounted for using the equity method	6	(627)	-	-	(627)	(896)	-	-	(896)
Profit/(loss) before tax		17,572	312	(426)	17,458	11,941	843	(765)	12,019
Taxation	7				(4,812)				(2,694)
Profit for the financial year					12,646				9,325
Profit attributable to: Owners of the parent					12,646				9,325

The notes on pages 62 to 94 form part of the financial statements.

All results above relate to Continuing Operations.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2021–22 £'000	2020–21 £'000
Profit for the financial year		13,154	9,708
Other comprehensive income/(expense):			
Items that may subsequently be reclassified to profit or loss			
Gains/(losses) on cash flow hedges		756	(65)
Hedging (losses)/gains reclassified to profit or loss		(77)	798
Items that will not be reclassified to profit or loss			
Remeasurements for defined benefit scheme	17	3,481	(2,101)
Deferred tax on remeasurements for defined benefit scheme	16	(870)	399
Other comprehensive income/(expense) for the year, net of tax		3,290	(969)
Total comprehensive income for the year		16,444	8,739
Total comprehensive income attributable to:			
Owners of the parent		16,444	8,739

Company Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2021–22 £'000	2020–21 £'000
Profit for the financial year		12,646	9,325
Other comprehensive income/(expense):			
Items that may subsequently be reclassified to profit or loss			
Gains/(losses) on cash flow hedges		756	(65)
Hedging (losses)/gains reclassified to profit or loss		(77)	798
Items that will not be reclassified to profit or loss			
Remeasurements for defined benefit scheme	17	3,481	(2,101)
Deferred tax on remeasurements for defined benefit scheme	16	(870)	399
Other comprehensive income/(expense) for the year, net of tax		3,290	(969)
Total comprehensive income for the year		15,936	8,356
Total comprehensive income attributable to:			
Owners of the parent		15,936	8,356

The notes on pages 62 to 94 form part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2021		6,000	39,319	14,625	77	60,021
Profit for the financial year		-	-	13,154	-	13,154
Other comprehensive income		-	-	2,611	679	3,290
Total comprehensive income for the year		-	-	15,765	679	16,444
Cost of hedging transferred to carrying value of inventory purchased in the year		-	-	-	(287)	(287)
Transactions with owners – dividend	18	-	-	(3,730)	-	(3,730)
At 31 March 2022		6,000	39,319	26,660	469	72,448

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

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

The notes on pages 62 to 94 form part of the financial statements.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Hedging Reserve £'000	Total Equity £'000
At 1 April 2021		6,000	39,319	13,909	77	59,305
Profit for the financial year		-	-	12,646	-	12,646
Other comprehensive income		-	-	2,611	679	3,290
Total comprehensive income for the year		-	-	15,257	679	15,936
Cost of hedging transferred to carrying value of inventory purchased in the year		-	-	-	(287)	(287)
Transactions with owners – dividend	18		-	(3,730)	-	(3,730)
At 31 March 2022		6,000	39,319	25,436	469	71,224

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

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

The notes on pages 62 to 94 form part of the financial statements.

Consolidated and Company Statements of Financial Position

AS AT 31 MARCH 2022

	Notes	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
NON-CURRENT ASSETS					
Property, plant and equipment	8	63,580	62,457	62,471	61,277
Intangible assets	9	11,362	11,362	12,693	12,693
Deferred tax asset	16	292	292	577	577
Investments	10	2,482	1,000	1,919	1,000
Retirement benefit surplus	17	1,596	1,596	-	-
TOTAL NON-CURRENT ASSETS		79,312	76,707	77,660	75,547
CURRENT ASSETS					
Inventories	11	71,775	71,775	59,495	59,495
Derivative financial instruments	24	1,708	1,708	1,160	1,160
Trade and other receivables	12	30,172	32,143	31,217	33,098
Cash and cash equivalents	22	10,945	10,736	7,929	7,755
TOTAL CURRENT ASSETS		114,600	116,362	99,801	101,508
CURRENT LIABILITIES					
Current tax liability	7	(2,053)	(2,053)	(366)	(366)
Borrowings	13	(19,604)	(19,604)	(612)	(612)
Trade and other payables	14	(89,544)	(89,925)	(83,060)	(83,370)
Derivative financial instruments	24	(469)	(469)	(241)	(241)
TOTAL CURRENT LIABILITIES		(111,670)	(112,051)	(84,279)	(84,589)
NET CURRENT ASSETS		2,930	4,311	15,522	16,919
NON-CURRENT LIABILITIES					
Borrowings	13	(1,372)	(1,372)	(24,766)	(24,766)
Accruals and deferred income	14	(1,265)	(1,265)	(1,418)	(1,418)
Retirement benefit liability	17	-	-	(1,940)	(1,940)
Deferred tax liability	16	(6,620)	(6,620)	(4,410)	(4,410)
Provision for liabilities and charges	15	(537)	(537)	(627)	(627)
NET ASSETS		72,448	71,224	60,021	59,305
EQUITY					
Share capital	25	6,000	6,000	6,000	6,000
Share premium	25	39,319	39,319	39,319	39,319
Retained earnings at 1 April		14,625	13,909	6,619	6,286
Profit for the year		13,154	12,646	9,708	9,325
Other		(1,119)	(1,119)	(1,702)	(1,702)
Retained earnings at 31 March		26,660	25,436	14,625	13,909
Hedging reserve		469	469	77	77
TOTAL EQUITY		72,448	71,224	60,021	59,305

The notes on pages 62 to 94 form part of the financial statements.

The financial statements on pages 54 to 94 were approved by the Board of Directors on 27 July 2022 and signed on its behalf by

Huw Lewis
CHIEF FINANCIAL OFFICER

27 July 2022

Consolidated and Company Statements of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Group 2021–22 £'000	Company 2021–22 £'000	Group 2020–21 £'000	Company 2020–21 £'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax		17,966	17,458	12,402	12,019
Depreciation on non-current assets		6,386	6,315	6,271	6,202
Amortisation on non-current assets		2,652	2,652	2,399	2,399
Loss on disposal of assets		-	-	589	586
Interest charge		645	627	918	896
Cash flow hedges		72	72	(885)	(885)
Share of associate		(663)	-	(593)	-
Changes in operating assets and liabilities:					
Difference between pension charge and cash contribution		(93)	(93)	(1,706)	(1,706)
Inventory		(12,280)	(12,280)	10,999	10,999
Trade and other receivables		1,045	955	(8,899)	(8,916)
Trade and other payables		5,652	5,724	(15,512)	(15,614)
Provisions		(90)	(90)	182	182
Cash generated from operations		21,292	21,340	6,165	6,162
Interest paid		(86)	(68)	(771)	(749)
Tax (paid)/refunded		(1,499)	(1,500)	1,615	1,619
Net cash generated from operating activities		19,707	19,772	7,009	7,032
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of property, plant & equipment		(7,122)	(7,122)	(6,660)	(6,660)
Acquisition of intangible assets		(1,321)	(1,321)	(1,044)	(1,044)
Net cash used in investing activities		(8,443)	(8,443)	(7,704)	(7,704)
CASH FLOW FROM FINANCING ACTIVITIES					
Movement in borrowings		(4,117)	(4,117)	(13,123)	(13,115)
Principal lease payments		(737)	(737)	(650)	(650)
Net dividends (paid)/received		(3,630)	(3,730)	50	-
Net cash used in financing activities		(8,484)	(8,584)	(13,723)	(13,765)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		2,780	2,745	(14,418)	(14,437)
Cash and cash equivalents at start of year		7,929	7,755	22,534	22,379
Effects of exchange rate changes on cash and cash equivalents		236	236	(187)	(187)
Cash and cash equivalents at end of year	22	10,945	10,736	7,929	7,755

The notes on pages 62 to 94 form part of the financial statements.

Notes to the Financial Statements

NOTE 1 PRINCIPAL ACCOUNTING POLICIES

1.1 GENERAL INFORMATION

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

1.2 SIGNIFICANT ACCOUNTING POLICIES

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

1.3 BASIS OF PREPARATION

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Royal Mint Limited transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 April 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statements of the Group and Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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

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

1.4 CONSOLIDATION

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

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

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

1.5 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New standards, amendments and interpretations
The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2021:

- COVID-19-Related Rent Concessions - amendments to IFRS 16, and
- Interest Rate Benchmark Reform - Phase 2 - amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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.

New standards, amendments and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.6 SEGMENTAL REPORTING

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

1.7 FOREIGN CURRENCY TRANSLATION

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

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

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents are presented in the Income Statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Income Statement within Other Gains and Losses.

1.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of those items.

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

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

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

No depreciation is provided in respect of land.

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

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

1.9 INTANGIBLE ASSETS

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

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

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

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

Research and development costs
Research costs are expensed as incurred.

Capitalised development costs are direct employee and other costs relating to the upscaling of the High Security Feature technology for commercial production. Development costs are amortised when commercial production begins over the expected useful life of the technology and prior to then are held within assets in the course of construction within intangible assets.

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

1.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

1.11 FINANCIAL ASSETS

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

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

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

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

1.12 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

1.13 TRADE RECEIVABLES

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

1.14 FINANCIAL LIABILITIES

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

(b) Financial liabilities at fair value through the Income Statement
Financial liabilities at fair value through the Income Statement includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

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

1.15 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Income Statement within Other Gains and Losses. Amounts taken to equity are transferred to the Income Statement when the hedged transaction affects the Income Statement in Cost of Sales, such as when a forecast sale or purchase occurs.

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

1.16 INVENTORIES

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

1.17 CASH AND CASH EQUIVALENTS

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

1.18 TRADE PAYABLES

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

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

1.19 CURRENT AND DEFERRED TAX

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

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

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

1.20 EMPLOYEE BENEFITS

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

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

The 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 defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liabilities. A pension asset is recognised to the extent that it is recoverable. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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

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

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

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

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

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

1.21 PROVISIONS

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

1.22 REVENUE RECOGNITION

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

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

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

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

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

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

1.23 LEASES

The Group leases equipment and vehicles. Rental contracts are typically made for fixed periods of 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 recognised a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

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

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

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

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

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

1.24 EXCEPTIONAL ITEMS

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

1.25 DIVIDEND DISTRIBUTION

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

1.26 SHARE CAPITAL

Ordinary shares are classified as equity.

1.27 GRANTS

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

1.28 INVESTMENTS

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

1.29 RELATED PARTIES

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

1.30 GOING CONCERN

The group meets its day-to-day working capital requirements through its banking facilities, precious metals leasing facilities and a revolving credit facility from the Royal Mint Trading Fund. The £36 million revolving credit facility from the Royal Mint Trading Fund has been extended until 30 November 2023. 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 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.

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

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

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

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

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

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

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

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

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

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

NOTE 2 SEGMENTAL REPORTING

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

The following table presents revenue, operating profit and certain asset and liability information regarding the Group's business segments for the years ended 31 March. Whilst being established as businesses, Collector Services and the RME are included in the Consumer results and the ETC business is included within Precious Metals. The not-for-profit visor production was included within 'unallocated' in 2020–21. The activities of new ventures and the Group's subsidiaries are currently unallocated due to immateriality.

A) ANALYSIS BY CLASS OF BUSINESS 2021–22

	Currency £'000	Consumer £'000	Precious Metals £'000	Total Segments £'000	Unallocated £'000	Total £'000
Segment revenue	64,104	122,820	1,216,495	1,403,419	70	1,403,489
Depreciation and amortisation	5,521	2,505	835	8,861	177	9,038
Operating (loss)/profit before IFRS 9 and exceptional items and allocation of central costs	(4,534)	26,946	20,311	42,723	(24,661)	18,062
IFRS 9 and exceptional items	(114)	-	-	(114)	-	(114)
Allocation of central costs	(8,002)	(9,106)	(4,106)	(21,214)	21,214	-
Total operating (loss)/profit	(12,650)	17,840	16,205	21,395	(3,447)	17,948
Segment assets and liabilities:						
Non-current assets	40,943	15,177	546	56,666	22,646	79,312
Current assets	39,585	23,236	33,374	96,195	18,405	114,600
Current liabilities	(18,981)	(11,639)	(38,737)	(69,357)	(42,313)	(111,670)
Non-current liabilities	-	(1,802)	-	(1,802)	(7,992)	(9,794)
Net assets/(liabilities)	61,547	24,972	(4,817)	81,702	(9,254)	72,448

ANALYSIS BY CLASS OF BUSINESS 2020–21

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

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

B) GEOGRAPHICAL ANALYSIS OF REVENUE

Revenue by destination is set out below:

	2021–22 £'000	2020–21 £'000
UK	463,665	441,206
Germany	185,813	108,641
Rest of Europe	138,878	80,753
United States of America	473,240	291,579
Rest of Americas	3,670	4,275
Asia	87,072	70,774
Africa	34,068	45,745
Rest of the World	17,083	13,972
Total revenue	1,403,489	1,056,945

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

NOTE 3A
GROUP AND COMPANY OPERATING PROFIT

Group and Company operating profit is stated after charging/(crediting):	Group 2021–22 £'000	Company 2021–22 £'000	Group 2020–21 £'000	Company 2020–21 £'000
Depreciation	6,386	6,315	6,271	6,202
Amortisation	2,652	2,652	2,399	2,399
(Profit)/loss on disposal	(205)	(205)	586	586
Research and development	2,039	2,039	1,366	1,366
Exceptional items (note 5)	426	426	788	765
Commodity hedges (gain)/loss	(312)	(312)	843	843
Foreign exchange (gain)/loss	(217)	(217)	1,230	1,230
Precious metal consignment arrangement fees	3,244	3,244	2,338	2,338
Auditors' remuneration				
Audit of the Company and Group financial statements	99	99	82	82
Audit of subsidiary financial statements	99	99	82	82
Non audit fees – other	-	-	-	-

NOTE 3B
LEASES RECOGNISED IN THE INCOME STATEMENT

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

NOTE 4 REMUNERATION AND EMPLOYMENT

Due to the low level of RM Experience employees there is no significant difference between this note on a company and group basis. RM Wynt and RM Assets have no employees.

TOTAL GROUP STAFF COSTS

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

AVERAGE NUMBER EMPLOYED

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

	2021–22		2020–21	
	£'000	£'000	£'000	£'000
Production				
Staff with a permanent contract	457		468	
Other staff	-		4	
		457		472
Sales and Marketing				
Staff with a permanent contract	190		175	
Other staff	4		6	
		194		181
Administration				
Staff with a permanent contract	139		138	
Other staff	5		1	
		144		139
		795		792

DIRECTORS' EMOLUMENTS

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

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

NOTE 5

A) EXCEPTIONAL ITEMS

	Group 2021–22 £'000	Company 2021–22 £'000	Group 2020–21 £'000	Company 2020–21 £'000
Decommissioning costs	364	364	-	-
Restructuring costs	62	62	460	460
Impairment	-	-	328	328
Intercompany provision release	-	-	-	(23)
Exceptional charge	426	426	788	765

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

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

The Group assesses whether there have been any impairment indicators at the end of each reporting year whenever events or circumstances indicate that the carrying amount may not be recoverable. During 2018–19, the directors decided that the changes in the Currency market represented such an impairment trigger resulting in £1.3 million of assets with no prospective use being impaired and charged to the Income Statement. During 2020–21, £0.3 million of indirect parts relating to the previously impaired plant and machinery were also impaired.

B) IMPACT OF IFRS 9 HEDGING INEFFECTIVENESS AND OPEN FOREIGN EXCHANGE CONTRACTS

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

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

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

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

NOTE 6

FINANCE COSTS

	Group 2021–22 £'000	Company 2021–22 £'000	Group 2020–21 £'000	Company 2020–21 £'000
Interest cost on pension plan liabilities	38	38	14	14
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit and loss	607	589	904	882
Total finance costs	645	627	918	896

NOTE 7 TAXATION

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

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

	Group 2021–22 £'000	Company 2021–22 £'000	Group 2020–21 £'000	Company 2020–21 £'000
Profit before tax	17,966	17,458	12,402	12,019
Profit multiplied by the standard rate of corporation tax of 19% (2020–21: 19%)	3,414	3,317	2,356	2,284
Effects of:				
Expenses not deductible for tax purposes	(59)	38	(112)	(40)
Income not taxable	(48)	(48)	(95)	(95)
Depreciation in respect of ineligible assets	240	240	196	196
Adjustments in respect of prior years	(44)	(44)	349	349
Change in tax rate	1,309	1,309	-	-
Taxation charge	4,812	4,812	2,694	2,694

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

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

Current tax creditor	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
UK corporation tax	(2,053)	(2,053)	(366)	(366)

NOTE 8 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Freehold land and buildings £'000	Payments on account and assets in the course of construction £'000	Plant and machinery £'000	Right of use assets (Plant and machinery) £'000	Total £'000
Cost					
At 1 April 2021	29,775	7,793	109,822	2,560	149,950
Additions	-	7,122	-	373	7,495
Transfers	371	(2,367)	1,996	-	-
Disposals	-	-	(5,818)	-	(5,818)
At 31 March 2022	30,146	12,548	106,000	2,933	151,627
Accumulated Depreciation					
At 1 April 2021	8,947	-	77,535	997	87,479
Charge for year	1,140	-	4,590	656	6,386
Disposal	-	-	(5,818)	-	(5,818)
At 31 March 2022	10,087	-	76,307	1,653	88,047
Net book value at 31 March 2022	20,059	12,548	29,693	1,280	63,580

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

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 current year, the Group used the value in use method to estimate the recoverable amount of the related cash generating unit (CGU) and compared this to the remaining related tangible and intangible fixed assets of £67.5 million. Management has identified that the CGU is represented by those cash flows generated that link to the UK circulating coin contract. The value in use of the CGU has been determined using cash inflows for the related CGU projected over the estimated useful lives of the related assets. Cash inflows are based on the latest business plans that have then been extended to the end of the projected useful life with nil growth rate from year four.

The discount rate used of 8% has been determined by using a weighted average cost of capital adjusted for a risk factor. The recoverable amount is 93% greater than the net book value of assets related to the CGU and no additional impairment charge has been made. Due to the headroom, no reasonable sensitivity would result in an impairment.

PROPERTY, PLANT AND EQUIPMENT – COMPANY

	Freehold land and buildings £'000	Payments on account and assets in the course of construction £'000	Plant and machinery £'000	Right of use assets (Plant and machinery) £'000	Total £'000
Cost					
At 1 April 2021	29,775	7,793	108,457	2,560	148,585
Additions	-	7,122	-	373	7,495
Transfers	371	(2,367)	1,996	-	-
Disposals	-	-	(5,818)	-	(5,818)
At 31 March 2022	30,146	12,548	104,635	2,933	150,262
Accumulated Depreciation					
At 1 April 2021	8,947	-	77,364	997	87,308
Charge for year	1,140	-	4,519	656	6,315
Disposals	-	-	(5,818)	-	(5,818)
At 31 March 2022	10,087	-	76,065	1,653	87,805
Net book value at 31 March 2022	20,059	12,548	28,570	1,280	62,457

	Freehold land and buildings £'000	Payments on account and assets in the course of construction £'000	Plant and machinery £'000	Right of use assets (Plant and machinery) £'000	Total £'000
Cost					
At 1 April 2020	29,659	4,545	105,235	954	140,393
Additions	-	6,660	-	1,606	8,266
Transfers	116	(3,412)	3,222	-	(74)
At 31 March 2021	29,775	7,793	108,457	2,560	148,585
Accumulated Depreciation					
At 1 April 2020	7,818	-	72,878	410	81,106
Charge for year	1,129	-	4,486	587	6,202
At 31 March 2021	8,947	-	77,364	997	87,308
Net book value at 31 March 2021	20,828	7,793	31,093	1,563	61,277

NOTE 9 INTANGIBLE ASSETS – GROUP AND COMPANY

	Payments on account and assets in the course of construction £'000	Software licences £'000	Patents £'000	Development costs £'000	Total £'000
Cost					
At 1 April 2021	593	19,571	1,947	952	23,063
Additions	1,321	-	-	-	1,321
Transfers	(781)	781	-	-	-
At 31 March 2022	1,133	20,352	1,947	952	24,384
Accumulated Amortisation					
At 1 April 2021	-	8,551	867	952	10,370
Amortisation for year	-	2,457	195	-	2,652
At 31 March 2022	-	11,008	1,062	952	13,022
Net book value at 31 March 2022	1,133	9,344	885	-	11,362

Amortisation charges of £2,440,000 (2020–21: £2,213,000) and £212,000 (2020–21: £186,000) are included within administration expenses and cost of sales respectively.

	Payments on account and assets in the course of construction £'000	Software licences £'000	Patents £'000	Development costs £'000	Total £'000
Cost					
At 1 April 2020	5,291	14,341	1,947	952	22,531
Additions	1,043	-	-	-	1,043
Transfers	(5,156)	5,230	-	-	74
Disposals	(585)	-	-	-	(585)
At 31 March 2021	593	19,571	1,947	952	23,063
Accumulated Amortisation					
At 1 April 2021	-	6,348	671	952	7,971
Amortisation for year	-	2,203	196	-	2,399
At 31 March 2022	-	8,551	867	952	10,370
Net book value at 31 March 2022	593	11,020	1,080	-	12,693

NOTE 10 INVESTMENTS

	Company £'000
Investment in associate at 31 March 2022 and 31 March 2021	1,000

The Group had the following subsidiaries at 31 March 2022 and 31 March 2021. All are incorporated and domiciled in the UK and the address of the registered office for all is Llantrisant, Pontyclun, CF72 8YT.

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

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

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

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

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

At 31 March 2021, Sovereign Rarities had £32,000 of fixed assets, £8,795,000 of current assets comprising £8,036,000 of stock and £759,000 of debtors, less liabilities of £2,594,000 resulting in total net assets of £6,233,000. The Royal Mint share was therefore £1,458,522 with a share in profits of £593,000 during the year meaning the total value of the investment included in the Group was £1,919,000.

NOTE 11 INVENTORIES – GROUP AND COMPANY

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

Inventories recognised as an expense in the year are recorded within cost of sales. Movement in the inventory provision during the year was an increase of £199,000 (2020–21: decrease of £1.8 million). The amount of inventories written down to net realisable value during the year was £nil (2020–21: £nil).

The Group enters into precious metal consignment arrangements whereby the consignor retains the risks and rewards of the metal until such time as the Company purchases the metal. The value of the physical metal is not recorded in the Statement of Financial Position. Inventory held on consignment amounted to £814.9 million at 31 March 2022 (2021: £501.8 million). Consignment fees under these arrangements are recognised within cost of sales.

NOTE 12 TRADE AND OTHER RECEIVABLES

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Trade receivables	28,323	28,302	29,508	29,509
Less provision for impairment of receivables	(459)	(459)	(504)	(504)
VAT recoverable	246	246	-	-
Prepayments and accrued income	1,869	1,869	2,213	2,184
Amounts owed by affiliates	193	193	-	-
Amounts owed by subsidiary undertaking	-	1,992	-	1,909
	30,172	32,143	31,217	33,098

Included within the receivables are the following:

	£'000	£'000	£'000	£'000
Central Government bodies	506	506	129	129
Other Government bodies	25	25	34	34
NHS Trusts	-	-	7	7
Amounts owed by affiliates	193	193	-	-
Amounts owed by subsidiary undertaking	-	1,992	-	1,909
	724	2,716	170	2,079

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

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Pounds sterling	21,527	23,498	28,861	30,742
US Dollars	6,339	6,339	183	183
Euros	2,306	2,306	2,173	2,173
	30,172	32,143	31,217	33,098

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

GROUP AND COMPANY	2022 £'000	2021 £'000
At 1 April	(504)	(565)
Utilised in the year	45	61
At 31 March	(459)	(504)

NOTE 13 BORROWINGS

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

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

NOTE 14 TRADE AND OTHER PAYABLES

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Trade payables	22,168	22,341	19,668	19,668
Other payables	7,613	7,613	27,585	27,585
VAT payable	-	-	874	874
Payments received on account	42,025	42,025	21,605	21,605
Taxation and social security	1,143	1,143	1,086	1,083
Accruals and deferred income	16,595	16,574	12,242	12,228
Amounts owed to subsidiary companies	-	229	-	327
	89,544	89,925	83,060	83,370

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Included within the payables are the following:				
Other Central Government bodies	1,320	1,320	2,800	2,796
Public Corporations and Trading Funds	-	-	2	2
	1,320	1,320	2,802	2,798

The £1,265,000 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 (2020–21: £1,418,000).

NOTE 15 PROVISION FOR LIABILITIES AND CHARGES – GROUP AND COMPANY

	Returns provision £'000
At 1 April 2021	627
Provided in year	402
Utilised in year	(226)
Released in year	(266)
At 31 March 2022	537

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

The profile of settlement is set out below:

	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	Over five years £'000
At 31 March 2022 – Group and Company	471	66	-	-
At 31 March 2021 – Group and Company	627	-	-	-

NOTE 16 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided in full on temporary differences under the liability method using a tax rate of 19% (2021: 19%).

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

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

Movements in deferred tax (assets)/liabilities were:

	Accelerated tax depreciation £'000	Derivative instruments £'000	Retirement benefit obligations £'000	Tax losses £'000	Other £'000	Total £'000
At 1 April 2021	4,250	160	(398)	-	(179)	3,833
Charged/(credited) to the Income Statement	1,823	33	(118)	-	(113)	1,625
Charged to Statement of Comprehensive Income	-	-	870	-	-	870
At 31 March 2022	6,073	193	354	-	(292)	6,328

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

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

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

Analysis of deferred tax (asset)/liability	Group and Company 2022 £'000	Group and Company 2021 £'000
Deferred tax liability within 12 months	-	160
Deferred tax asset after 12 months	(292)	(577)
Deferred tax liability after 12 months	6,620	4,250
	6,328	3,833

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

NOTE 17 RETIREMENT BENEFIT SCHEMES – GROUP AND COMPANY

DEFINED CONTRIBUTION SCHEME

The Group and Company operates a defined contribution scheme for employees who have joined the organisation since 1 January 2010 via The Royal Mint Group Personal Pension Plan (GPP). The related pension assets are held in trustee-administered funds separate from the Group. The total cost charged to the income statement of £2,188,000 (2020–21: £1,863,000) represents contributions payable to the scheme by the Group at rates specified in the plan rules.

DEFINED BENEFIT SCHEME

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

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

The RMLS operated via Prudential Platinum Pensions until 31 March 2015.

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

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

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

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

Employer contributions expected to be paid for the year ended 31 March 2023 are £2,600,000.

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

The following disclosures relate to the residual RMLS in relation to deferred pensioners who left their benefits in the scheme and current pensioners.

RISKS

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

ACTUARIAL VALUATION

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

DETAILS OF VALUATION ASSUMPTIONS

An accounting valuation of the RMLS assets and liabilities for financial reporting purposes was carried out on 31 March 2022 by independent actuaries Xafinity Consulting. The liabilities have been valued using the projected unit method, taking into account benefits to 31 March 2015 when the scheme closed with allowance for future salary increases or future price inflation for members of the Platinum Nuvos scheme.

The principal actuarial assumptions used were:	2022	2021
Discount rate	2.70%	2.00%
Price inflation RPI	3.30%	2.90%
Price inflation CPI (pre 2030)	2.30%	1.90%
Price inflation CPI (post 2030)	3.10%	2.70%
Revaluation of deferred pensions: benefits accrued before 01/02/2014	3.30%	2.90%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (pre 2030)	2.30%	1.90%
Revaluation of deferred pensions: benefits accrued after 01/02/2014 (post 2030)	3.10%	2.70%
Increase to pensions in payment: benefits accrued before 01/02/2014	3.30%	2.90%
Increase to pensions in payment: benefits accrued after 01/02/2014 (pre 2030)	2.30%	1.90%
Increase to pensions in payment: benefits accrued after 01/02/2014 (post 2030)	3.10%	2.70%
Mortality assumption – male pre- and post-retirement	SAPS S3PMA CMI 2020 1.25% long-term trend 0.2% initial addition 20% 2020 weighting	SAPS S3PMA CMI 2019 1.25% long-term trend 0. .3% initial addition
Mortality assumption – female pre- and post-retirement	SAPS S3PFA CMI 2020 1.25% long-term trend 0.2% initial addition	SAPS S3PFA CMI 2019 1.25% long-term trend 0.3% initial addition
Future expected lifetime of current pensioner at age 65		
Male aged 65 at year-end	85.9	87.2
Female aged 65 at year-end	88.8	89.5
Future expected lifetime of future pensioner at age 65		
Male aged 45 at year-end	87.1	88.5
Female aged 45 at year-end	90.3	90.9

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

Amounts recognised in the Statement of Financial Position:	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Fair value of plan assets	23,173	22,695	17,456	16,973	14,199
Present value of plan liabilities	(21,577)	(24,635)	(18,987)	(22,424)	(21,631)
Net defined benefit asset/(liability)	1,596	(1,940)	(1,531)	(5,451)	(7,432)

Amounts recognised in the Income Statement: Service cost:	2021–22 £'000	2020–21 £'000
Administration expenses	131	100
Net interest expense	38	14
Amounts charged to the Income Statement	169	114

Remeasurements of the net (asset)/liability:

Return on scheme assets (excluding amounts included in interest expense)	(243)	(3,408)
(Gain)/loss arising from changes in financial assumptions	(2,026)	5,850
Gain arising from changes in demographic assumptions	(1,542)	(85)
Experience loss/(gain)	330	(256)
(Credit)/charge recorded in other comprehensive income	(3,481)	2,101
Total defined benefit (credit)/charge	(3,312)	2,215

	2022 £'000	2021 £'000
Fair value of net liability/(asset) at beginning of year	(1,940)	(1,531)
Movements in year:		
Employer contributions	-	1,806
Administration expenses paid	224	-
Administration expenses charge	(131)	(100)
Net interest cost	(38)	(14)
Remeasurement gains/(losses):		
Actuarial gains/(losses) arising from changes in financial assumptions	2,026	(5,850)
Actuarial gains arising from changes in demographic assumptions	1,542	85
Return on scheme assets (excluding amounts included in interest expense)	243	3,408
Other experience items	(330)	256
Net scheme asset/(liabilities) at end of year	1,596	(1,940)

Changes in the present value of assets over the year:	2022 £'000	2021 £'000
Fair value of assets at beginning of year	22,695	17,456
Movements in year:		
Return on scheme assets (excluding amounts included in interest expense)	243	3,408
Interest income	452	382
Administrative expenses paid	224	-
Employer contributions	-	1,806
Benefits paid	(310)	(257)
Administration expenses	(131)	(100)
Scheme assets at end of year	23,173	22,695

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

NOTE 17 CONTINUED

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

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

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

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

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

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

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 £603,000 (increase by £603,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1% higher (lower), the scheme liabilities would increase by £604,000 (decrease by £584,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the salary, deferred pension and pension in payment increases. The other assumptions remain unchanged.

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

If life expectancies were to increase (decrease) by one year, the scheme liabilities would increase by £971,000 (decrease by £921,000) if all the other assumptions remained unchanged.

NOTE 18 DIVIDENDS

GROUP AND COMPANY	2021–22 £'000	2020–21 £'000
Dividends paid: 62.17p per share (2020–21: £nil per share)	3,730	-

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

NOTE 19 CAPITAL COMMITMENTS

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

NOTE 20 OPERATING LEASE COMMITMENTS

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

The operating commitment note is no longer relevant under IFRS 16. However, as we have taken the exemption for short-term leases (lease contracts less than one year) and leases of which the underlying asset is of low value, these continue to be disclosed here as 'operating leases'.

NOTE 21 RELATED PARTY TRANSACTIONS

The Royal Mint Limited is a company wholly owned by HM Treasury. HM Treasury is regarded as a related party and it has both an ownership and a customer role.

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

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

1. The Royal Mint Limited provides employees, establishment and support services. The charges for this year are £375,000 (2020–21: £349,000).

2. The Royal Mint Museum and The Royal Mint Museum Services Limited provide services to The Royal Mint Limited, in support of its business activities and to HM Treasury in support of its obligations to manage the United Kingdom coinage. The revenue for this year is £420,000 (2020–21: £389,000).

3. The Royal Mint Museum received a quarterly donation from The Royal Mint Limited calculated in accordance with the agreement at vesting. Since 1 January 2018, the payment (calculated as previously) is in consideration for a non-exclusive licence to access and have use of the Museum collection within the restrictions set out in the Funding agreement signed 18 March 2018. The amount received for the year is £138,160 (2020–21: £193,492).

4. The Royal Mint Limited has donated coins to the Museum collection that are included within heritage assets at a cost of £356,846 (2020–21: £378,143).

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

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

1. The Royal Mint Limited's purchases from Sovereign Rarities Limited were £7,099,051 (2020–21: £7,457,934) and the amount outstanding at 31 March 2022 was £534,365 (2021: £174,605).

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

REMUNERATION OF KEY MANAGEMENT STAFF

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

GROUP AND COMPANY	2022 £'000	2021 £'000
Salaries and other short-term employee benefits	1,582	1,569
Post-employment benefits	222	240
	1,804	1,809

NOTE 22 ANALYSIS OF NET DEBT

GROUP	At 1 April 2021 £'000	Non cash changes £'000	Cash flow £'000	At 31 March 2022 £'000
Cash at bank and in hand	7,929	-	3,016	10,945
Obligations under lease	(1,563)	(453)	737	(1,279)
Loans	(23,814)	-	4,117	(19,697)
	(17,448)	(453)	7,870	(10,031)

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

COMPANY	At 1 April 2021 £'000	Non cash changes £'000	Cash flow £'000	At 31 March 2022 £'000
Cash at bank and in hand	7,755	-	2,981	10,736
Overdraft	-	-	-	-
Obligations under lease	(1,563)	(453)	737	(1,279)
Loans	(23,814)	-	4,117	(19,697)
	(17,622)	(453)	7,835	(10,240)

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

NOTE 23 OTHER GAINS/(LOSSES) – NET

GROUP AND COMPANY	2021–22 £'000	2020–21 £'000
Foreign exchange gain/(loss)	217	(1,230)
Foreign exchange forward contracts (loss)/gains	(201)	1,711
Precious Metal forward contracts gain	965	406
Ineffectiveness of commodity hedges	336	383
Set up costs and operational losses associated with ETC	(422)	(602)
Release of grant income	153	153
Other gains – net	1,048	821

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

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

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

NOTE 24 FINANCIAL INSTRUMENTS

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

FINANCIAL RISK MANAGEMENT

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

CURRENCY RISK

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

	Contract amount 2022 £'000	Average forward rate 2022	Fair value 2022 £'000	Contract amount 2021 £'000	Average forward rate 2021	Fair value 2021 £'000
Forward contract – sell £/buy EUR						
Maturing in less than 1 year	4,699	1.1708	(49)	269	1.1580	(3)
Forward contract – sell £/buy USD						
Maturing in less than 1 year	1,671	1.3228	9	6,466	1.3291	(175)
Forward contract – buy £/sell USD						
Maturing in less than 1 year	16,129	1.3520	(329)	8,451	0.6654	132
Maturing in more than 1 year	-	-	-	1,689	1.3867	(2)
	16,129	1.3520	(329)	10,140	1.3753	130
Forward contract – buy £/sell EUR						
Maturing in less than 1 year	6,116	1.1680	49	4,159	1.1097	199
Forward contract – sell EUR/buy USD						
Maturing in less than 1 year	-	-	-	490	1.3759	-

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

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

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

COMMODITY PRICE RISK

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

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

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

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

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

Purchases are made in two ways:
1) For a specific order; and
2) Based on forecast sales demand over a specified period.

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

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

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

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

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

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

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

INTEREST RATE RISK

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

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

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

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:

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

CREDIT RISK

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

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

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

Currency receivables

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

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

Consumer wholesale

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

	Between 31 and 60 days £'000	Between 61 and 90 days £'000	Between 91 and 120 days £'000	Over 120 days £'000
Wholesale trade receivables:				
2022	27	-	1	3
2021	21	1	6	4

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

Precious metals

The bullion is purchased specifically for the customer's order and is payable within 48 hours. Coins are only despatched when payment is received. There were no overdue balances at 31 March 2022 or 2021.

COUNTER-PARTY RISK

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

The maximum exposure to credit risk is limited to the carrying value of financial assets on the Statement of Financial Position as at the reporting date. For 2022 the amount is £28,057,000 for the Group and £30,028,000 for the Company (2021: Group £29,004,000 and Company £30,914,000). Based on historical experience and the low level of default, the credit quality of financial assets that are neither past due or impaired is considered to be very high.

HIERARCHY DISCLOSURE UNDER IFRS 7

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

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

CAPITAL MANAGEMENT AND LIQUIDITY RISK

The Group's objectives in managing capital are to safeguard its ability to continue as a going concern and provide returns to its shareholder. This is reviewed on a regular basis in the context of available facilities. The Group monitors capital by reviewing the Average Capital Employed ('ACE') during the year. The ACE is calculated based on all assets and liabilities on the balance sheet, excluding defined benefit liability and any interest-bearing debt. The average is calculated over 13 months, incorporating both the opening and closing balance sheet position in the calculation. The average capital employed for the year ended 31 March 2022 was £98.7 million (2021: £108.1 million).

Liquidity risk is the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. The Group's finance department is responsible for management of liquidity risk, which includes funding, settlements, related processes and policies. The Group manages liquidity risk by maintaining adequate reserves and monitoring actual cash flow against forecast. In addition, the Group has negotiated a revolving credit facility of £36 million until 28 February 2023, of which £19 million was drawn down at 31 March 2022 (2021: £23 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 £697,000 was outstanding at 31 March 2022 (2021: £814,000).

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

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

COMPANY At 31 March 2022	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Borrowings	19,135	135	427	-
Lease liabilities	754	470	597	-
Derivative financial instruments	469	-	-	-
Trade and other payables*	88,630	-	-	-

* excluding non-financial liabilities

GROUP At 31 March 2021	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Borrowings	135	135	23,544	-
Lease liabilities	614	369	826	2
Derivative financial instruments	241	-	-	-
Trade and other payables*	81,102	-	-	-

COMPANY At 31 March 2021	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Borrowings	135	135	23,544	-
Lease liabilities	614	369	826	2
Derivative financial instruments	241	-	-	-
Trade and other payables*	81,416	-	-	-

* excluding non-financial liabilities

FAIR VALUES

Set out in the following table is a comparison by category of fair values of financial instruments recognised in the financial statements at 31 March.

Fair value of cash and cash equivalents, trade receivables and payables are deemed to be approximately their book value due to their short-term maturity.

Fair value of commodity hedges is calculated as the present value of the estimated future cash flows. The fair value of foreign exchange forward contracts is determined using forward exchange rates at the date of the Statement of Financial Position.

NOTE 24 CONTINUED

CATEGORIES OF FINANCIAL INSTRUMENTS

The table below identifies the carrying values at 31 March for each category of financial assets and liabilities. There is no significant difference between the carrying value and fair value in either year.

At 31 March 2022	Group Carrying value 2022 £'000	Company Carrying value 2022 £'000	Group Carrying value 2021 £'000	Company Carrying value 2021 £'000
Assets as per the Statement of Financial Position:				
Derivatives used for hedging	677	677	522	522
Financial assets at amortised cost				
Trade and other receivables	28,057	30,028	29,004	30,914
Cash and cash equivalents	10,945	10,736	7,929	7,755
Derivatives at fair value through profit and loss	1,031	1,031	638	638
Liabilities as per the Statement of Financial Position:				
Borrowings	(20,976)	(20,976)	(25,378)	(25,378)
Derivatives used for hedging	(83)	(83)	(160)	(160)
Derivatives at fair value through profit and loss	(386)	(386)	(81)	(81)
Trade and other payables	(88,248)	(88,630)	(81,102)	(81,416)

NOTE 25 SHARE CAPITAL AND SHARE PREMIUM

GROUP AND COMPANY Allotted, Called Up and fully paid: £1 each (2020: £1 each)	Number of shares	Ordinary shares £'000
Share capital		
At 1 April 2021 and 31 March 2022	6,000,001	6,000

	2022 £'000	2021 £'000
Share premium account	39,319	39,319

NOTE 26 ULTIMATE CONTROLLING PARTY

The ultimate controlling party of The Royal Mint Limited is HM Treasury.

The parent entity of The Royal Mint Limited is the Royal Mint Trading Fund. The largest and smallest group for which financial statements are prepared of which The Royal Mint Limited is a subsidiary is the Royal Mint Trading Fund. The financial statements can be obtained by contacting The Royal Mint using the details on page 3 or by visiting royalmint.com.

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

The Company is limited by shares and registered in England and Wales and is domiciled in the United Kingdom.

THE ROYAL MINT®
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