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The London Mint Office Limited

Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 03470348

The London Mint Office Limited

Company Information

Directors	G C Prosser P C Mortensen S Sharad
Company secretary	WK Corporate Services Limited
Registered number	03470348
Registered office	The London Mint Office Limited 1 Carew Street London SE5 9DF
Independent auditor	BDO LLP Bridgewater House Counterslip Bristol BS1 6BX
Bankers	HSBC 54 Clarence Street Kingston Upon Thames Surrey KT1 1NS

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Strategic report
For the year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Objectives and Strategy

The London Mint Office Limited is a wholly owned subsidiary of the Samlerhuset Group, a pan-European organisation specialising in the marketing and distribution of commemorative and historical coins and medals to collectors. The company was incorporated in the United Kingdom and the company registration number is 03470348.

New customers are obtained through direct response advertising and telemarketing and offered a variety of products, drawn from national and private mints throughout the world, mainly on a single sales basis by means of a variety of marketing channels and techniques. The company's objective is to create new coin collectors in the market not just service existing numismatists and to provide long-term customer value over many years and thereby establish the business as a market leading distributor of collectible coins.

The business continues to generate increased EBITDA since the acquisition of Claret Securities Limited that provided telemarketing sales, logistics and customer care support services to the business. As a result of the insourcing of these capabilities the business has generated EBITDA of £1.9 million in 2017 compared to £0.9 million in 2016 and -£0.8 million in 2015 thus an increase of around £1.7 million in 2016 over 2015 followed by a further increase of £1 million in 2017 over 2016. The business expects to continue generating profits going forward. EBITDA in the context of the company's accounts is defined as being profit before tax, adjusted for interest, depreciation, amortisation, group costs and foreign exchange movements.

The business continues to strive to overcome the difficult macro-economic climate in the UK which has affected consumer confidence and spending on non-essentials; and to minimise the impact of fluctuations in precious metal prices - the majority of our sales being in silver and gold. The business is subject to further external influences, as new customer acquisition is chiefly driven by major national events - particularly relating to the monarchy and military anniversaries - although significant product development breakthroughs have been achieved in recent years to lessen reliance on such events to drive business growth. Some of the significant products launched during 2017 were Platinum Wedding Coins, Krugerrands 50th Anniversary, Sapphire Jubilee, 2017 Sovereign – Angela Pisctrucci.

The most critical issue in maximising profitability surrounds our customer relationships - encouraging coin collection, and minimising returns - by delivering high quality products and optimum customer service and providing a broad palette of attractive new product offerings at a range of price levels. Significant investment has been - and will continue to be - made in the standard of our customer service infrastructure and data profiling techniques together with maintaining strong relationships with all our key suppliers.

Business performance and key performance indicators

Our success in achieving our objectives is constantly measured according to a variety of key performance indicators - the most important being gross margin % (defined by the company as gross profit less marketing costs , divided by gross turnover (net of returns and bad debt costs"), returns rates % (customer returns as a percentage of gross sales which was 18.2% In 2017 against 18.7% in the year 2016), cost per new customer acquired (marketing spent divided by the new names/customers acquired), as well as traditional profit and loss and working capital measurements.

Results for the 2017 financial year reflect the company stabilising its operations having gone through massive restructuring in 2016 following the Claret acquisition, and growing customer confidence in the products of the company. This is reflected in the results as the turnover has increased by 23% compared to the year 2016. As a result of the increased spending in the Marketing cost that was 12.5% in 2017 compared to 7.5% in 2016 the company achieved significant increase in new customers that resulted in the increased turnover. However, due to the increased marketing spend the Gross Margin decreased to 35% compared to 39% in 2016 though overall it increased by over £0.5 million. The year once again saw the effect of currency fluctuation due to change in the economic condition in the United Kingdom that resulted in unrealised foreign exchange loss of around £0.6 million though it was significantly less than £1.7 million in 2016. All the revenue has been earned in the United Kingdom.

Business performance and key performance indicators (continued)

In the year 2017, the company injected further capital to the value of approximately £7 million by issuing fully paid up equity shares that were fully subscribed by the holding company. The company also converted its Preference shares to the value of £11.48 million into fully paid up equity shares. This along with the profit in 2017 resulted in company's total Shareholder's equity to be over £1.6 million. Intangible assets mainly comprise of £2.3 million of unamortised Goodwill that resulted on acquisition of Claret Securities Limited.

The board is confident that the marketing investment in 2017 which has achieved significant growth in new customer acquisition, should continue to achieve profitable results in 2018 and future years.

Financial instruments

Financial risk management

The company's operations expose it to certain financial risks such as currency fluctuation, interest rate risk and credit risk. These risks are mitigated by the use of the Samlerhuset Group financing facility provided by the Group's bankers.

Currency fluctuation

As with borrowings, foreign exchange risk is managed at the Group level. In the year 2017 the company incurred £0.6 million of unrealised foreign exchange loss on the Group loan facility availed by the company. That was the result of continued poor performance of GBP against Euro post Brexit results. However, the company managed to reduce it significantly compared to 2016 by repaying £7 million of the loan by issue of further equity shares.

Liquidity risk

Although the company is a wholly owned subsidiary and has a share in a group financing facility it does not fully rely upon group support anymore.

The company has received confirmation of the ongoing support of its parent company for the foreseeable future.

Credit risk

The company manages credit risk through the implementation of credit limits to customers based upon credit scores for them provided by a third party.

Interest rate risk

Interest rate risk is controlled at the level of Samlerhuset Group through providing the financing facility on a Group basis. Facility interest costs are borne by the Samlerhuset Group.

This report was approved by the board and signed on its behalf.

S Sharad
Director

Date: 20-09-2018

The London Mint Office Limited

Directors' report
For the year ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

Principal activity

The London Mint Office Limited is a wholly owned subsidiary of the Samlerhuset Group, a pan-European organisation specialising in the marketing and distribution of commemorative and historical coins and medals to collectors.

Results and dividends

The profit for the year, after taxation, amounted to £343,680 (2016 - loss £1,620,840).

No dividends will be distributed for the year ended 31 December 2017 (2016 - £Nil).

Directors

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

G C Prosser
P C Mortensen

Other changes in directors holding office are as follows:

S Sharad (appointed 1 September 2017)
J Deeny (resigned 1 September 2017)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The London Mint Office Limited

Matters covered in the strategic report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the directors consider them to be of strategic importance to the company.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post statement of financial position events

The following subsidiary undertakings, Claret Securities Limited, Claret Logistics Limited and Claret Marketing Limited, were dissolved following the year end on 27 February 2018.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

S Sharad
Director

Date: 20-09-2018

The London Mint Office Limited

Independent Auditor's Report to the Members of The London Mint Office Limited

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Opinion

We have audited the financial statements of The London Mint Office Limited ("the company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. *Our responsibilities under those standards are further described in the* Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- *the directors' use of the going concern basis of accounting* in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if in our opinion;

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

Independent Auditor's Report to the Members of The London Mint Office Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Sarah Joannidi (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol
United Kingdom

Date: 28 September 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The London Mint Office Limited

Statement of comprehensive income
For the year ended 31 December 2017

	Note	2017 £	As restated 2016 £
Turnover	4	**21,300,392**	17,702,148
Cost of sales		**(10,863,609)**	(8,957,680)
Gross profit		**10,436,783**	8,744,468
Distribution costs		**(2,154,661)**	(1,243,492)
Administrative expenses		**(7,380,481)**	(7,959,618)
Operating profit/(loss)	5	**901,641**	(458,642)
Interest payable and similar expenses	8	**(557,961)**	(1,162,198)
Profit/(loss) before taxation		**343,680**	(1,620,840)
Tax on profit/(loss)	9	**-**	-
Profit/(loss) for the financial year		**343,680**	(1,620,840)

There was no other comprehensive income for 2017 (2016 - £Nil).

The notes on pages 11 to 27 form part of these financial statements.

The London Mint Office Limited
Registered number: 03470348

Statement of financial position
As at 31 December 2017

	Note	2017 £	2017 £	As restated 2016 £	As restated 2016 £
Fixed assets					
Intangible assets	10		**2,389,701**		2,702,070
Tangible assets	11		**97,357**		14,658
Investments	12		**200**		200
			2,487,258		2,716,928
Current assets					
Stocks	13	**1,935,051**		1,951,252	
Debtors: amounts falling due within one year	14	**8,465,127**		6,304,757	
Cash at bank and in hand		**322,641**		564,784	
		10,722,819		8,820,793	
Creditors: amounts falling due within one year	15	**(10,774,813)**		(27,502,370)	
Net current liabilities			**(51,994)**		(18,681,577)
Creditors: amounts falling due after more than one year	16		**(741,000)**		(1,482,000)
Net assets/(liabilities)			**1,694,264**		(17,446,649)
Capital and reserves					
Called up share capital	18		**18,798,233**		1,000
Profit and loss account	19		**(17,103,969)**		(17,447,649)
Total equity/(deficit)			**1,694,264**		(17,446,649)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S Sharad
Director

Date: 20-09-2018

The notes on pages 11 to 27 form part of these financial statements.

The London Mint Office Limited

Statement of changes in equity
For the year ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	**1,000**	**(15,826,809)**	**(15,825,809)**
Comprehensive loss for the year			
Loss for the year	**-**	**(1,620,840)**	**(1,620,840)**
Total comprehensive income for the year	**-**	**(1,620,840)**	**(1,620,840)**
At 1 January 2017	**1,000**	**(17,447,649)**	**(17,446,649)**
Comprehensive income for the year			
Profit for the year	**-**	**343,680**	**343,680**
Total comprehensive income for the year	**-**	**343,680**	**343,680**
Contributions by and distributions to owners			
Shares issued during the year	**18,797,233**	**-**	**18,797,233**
Total transactions with owners	**18,797,233**	**-**	**18,797,233**
At 31 December 2017	**18,798,233**	**(17,103,969)**	**1,694,264**

The notes on pages 11 to 27 form part of these financial statements.

1. General information

The London Mint Office Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the company information page. The nature of the company's operations and its principal activities are outlined in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Proof Holdings AS as at 31 December 2017 and these financial statements may be obtained from Rosenholmveien 25, 1414 Trollasen, 0217 Oppegard, Norway.

2.3 Group financial statements

The company has not prepared group financial statements as it is exempt from the requirement to do so under section 400 of the Companies Act 2006 as it is itself a wholly owned subsidiary of Proof Holdings AS, a company incorporated in Norway, and is included in the consolidated financial statements of its ultimate parent company. These financial statements present information about the individual company and not about the group as a whole.

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on the going concern basis, despite the net current liabilities of £51,994, which the directors believe to be appropriate for the following reason. The company is reliant for its working capital on funds provided by Samlerhuset Group B.V. that has provided the company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe it will not do so.

In preparing these financial statements, the directors have given consideration to the above and on this basis they believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the going concern basis of preparation not being appropriate.

2.5 Turnover

Revenue from the sales of goods is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are despatched to the buyer. Where the buyer has a right of return, the company defers recognition of revenue until the right to return has lapsed. Revenue is stated net of any deductible VAT.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Business names and trade marks	-	5 years
Computer software	-	3 - 4 years
Goodwill	-	10 years

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 25% on cost
Computer equipment	- 25% - 33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

During the year expenditure on Coin Dies was recorded in the Income Statement as incurred.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

2.13 Convertible debt

The proceeds received on issue of the group's convertible debt are allocated into their liability and equity components and presented separately in the statement of financial position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components on the instruments in proportion to the allocation of proceeds.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is sterling.

Transactions and balances

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowing and cash and cash equivalents are presented in profi9t or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit of loss within 'other operating income or expense'.

2.16 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.17 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2. Accounting policies (continued)

2.18 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements and estimates:

- Determined whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Write down of inventories: the inventory provision is based on the estimated proceeds to be received from stock items on a line by line basis. Significant estimation uncertainty arises in the determination of whether the cost at which those inventories are held exceeds the net realisable value of that stock and then what net realisable value is likely to be. This provision as at the year-end was £681,406 (2016 - £756,277).

- Impairment of trade receivables: trade debtors' provision is based on the ageing and past history of the recoverability of the Debtors. Significant uncertainties that are taken into account in determining this and open to material uncertainty are variances of actuals against the historic profile applied to the debtors and whether the debts are potentially recoverable through other channels. The provision against these trade debtors as at the end of the year was estimated at £684,945 (2016 - £716,143)

- Sales returns provision: the sales return provision is based on actuals in the first month of the following year as per the company policy and not highly susceptible to material variances given the use of actual data post-year end. The returns provision of £370,981 (2016 - £462,473) at year end was calculated using this methodology.

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives. factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and arises solely within the United Kingdom.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	**12,721**	25,342
Fees payable to the company's auditor for the audit of the company's annual accounts	**30,300**	33,995
Fees payable to the company's auditor for other non-audit services	**6,172**	-
Goodwill amortisation	**292,717**	292,717
Computer software amortisation	**27,455**	20,547
Exchange differences	**119,059**	634,736
Operating lease rentals	**52,606**	181,880

6. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	**3,208,503**	3,052,675
Social insurance costs	**309,900**	300,859
Cost of defined contribution scheme	**57,263**	86,448
	3,575,666	3,439,982

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Sales	**40**	32
Back Office/Administration	**69**	67
	109	99

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**465,467**	261,326
Company contributions to defined contribution pension schemes	**41,835**	18,875
	507,302	280,201

The highest paid director received remuneration of £285,314 (2016 -£235,738).

During the year retirement benefits were accruing to 2 director (2016 - 2) in respect of defined contribution pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,624 (2016 -£18,625).

Included within directors' emoluments is compensation for loss of office of £126,851 and related employer pension contributions of £6,208.

8. Interest payable and similar charges

	2017 £	As restated 2016 £
Group interest payable	**30,357**	59,725
Net exchange loss on foreign currency borrowings from group	**527,604**	1,102,473
	557,961	1,162,198

9. Taxation

No liability to UK corporation tax arose for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 -higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	**343,680**	(1,620,840)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 -20%)	**66,146**	(324,168)
Effects of:		
Expenses not deductible for tax purposes	**691**	67,548
Capital allowances for year in excess of depreciation	**49,093**	(11,240)
Increase/(utilisation) taxation losses carried forward	**(115,930)**	267,860
Total tax charge for the year	**-**	-

The company has trading losses of approximately £16,192,000 (2016 - £16,711,800) available for offset against future trading profits. These can be represented as an unrecognised deferred tax asset of approximately £2,752,300 (2016 - £2,841,000). This has not been recognised as the recognition criteria in Financial Reporting Standard 102 has not been met.

10. Intangible assets

	Business names and trade marks £	Computer software £	Goodwill £	Total £
Cost				
At 1 January 2017	74,611	946,996	2,927,170	3,948,777
Additions	-	7,803	-	7,803
At 31 December 2017	74,611	954,799	2,927,170	3,956,580
Amortisation				
At 1 January 2017	74,611	879,379	292,717	1,246,707
Charge for the year	-	27,455	292,717	320,172
At 31 December 2017	74,611	906,834	585,434	1,566,879
Net book value				
At 31 December 2017	-	47,965	2,341,736	2,389,701
At 31 December 2016	-	67,617	2,634,453	2,702,070

11. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2017	67,553	392,705	460,258
Additions	93,480	1,940	95,420
At 31 December 2017	161,033	394,645	555,678
Depreciation			
At 1 January 2017	65,028	380,572	445,600
Charge for the year on owned assets	7,681	5,040	12,721
At 31 December 2017	72,709	385,612	458,321
Net book value			
At 31 December 2017	88,324	9,033	97,357
At 31 December 2016	2,525	12,133	14,658

12. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2017 and 31 December 2017	200

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Claret Securities Limited	Ordinary	100 %	Dormant
London Mint Limited	Ordinary	100 %	Dormant
The Crown Collections Limited	Ordinary	100 %	Dormant

12. Fixed asset investments (continued)

Indirect Subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Claret Logistics Limited	Ordinary	100 %	Dormant
Claret Marketing Limited	Ordinary	100 %	Dormant

The registered office of Claret Securities Limited, Claret Logistics Limited and Claret Marketing Limited is Claret House Gelliarael Road, Gilfach Goch, Porth, CF39 8SY.

The registered office of the remaining subsidiary undertakings is 1 Carew Street, London, United Kingdom, SE5 9DF.

13. Stocks

	2017 £	2016 £
Finished goods and goods for resale	**1,935,051**	1,951,252

Stock recognised in cost of sales during the year as an expense was £10,245,246 (2016 - £8,483,191).

An impairment loss of £520,315 (2016 - £641,931) was recognised in cost of sales due to slow moving and obsolete stock.

14. Debtors

	2017 £	2016 £
Trade debtors	**5,701,974**	4,357,886
Amounts owed by group undertakings	**1,558,317**	1,755,393
Other debtors	**356,189**	130,085
Prepayments	**848,647**	61,393
	8,465,127	6,304,757

An impairment loss of £841,025 (2016 - £1,035,901) was recognised in administrative expenses and against trade debtors.

15. Creditors: Amounts falling due within one year

	2017 £	As restated 2016 £
Bank loans and overdrafts	**2,068,757**	8,409,652
Trade creditors	**2,596,601**	1,634,775
Amounts owed to group undertakings	**4,777,423**	4,572,394
Taxation and social insurance	**91,133**	78,395
Other creditors	**741,000**	747,993
Accruals	**499,899**	576,168
Called up share capital presented as a liability (see note 18)	**-**	11,482,993
	10,774,813	27,502,370

Details on the security of the bank overdraft can be found in note 17.

16. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Other creditors	**741,000**	1,482,000

17. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand		
Bank loans	**2,068,757**	8,409,652

The overdraft with the bank is secured by way of offset against the group balances held by the bank. The company has a share of a group financing facility dated 17 October 2012. The total group facility amounts to €5.5million, consisting of a €4.0million overdraft facility and a €1.5million guarantee facility.

Financial Instruments

The company's operations expose it to certain financial risks such as currency fluctuation, interest rate risk and credit risk. These risks mitigated by the use of the Group financing facility provided by the Group bankers.

18. Share capital

	2017 £	As restated 2016 £
Shares classified as equity		
Allotted, called up and fully paid		
18,798,233 (2016 -1,000) Ordinary shares of £1 each	**18,798,233**	1,000

	2017 £	2016 £
Shares classified as debt		
Allotted, called up and fully paid		
11,482,993 Preference shares of £1 each	-	11,482,993

On 7 September 2017 7,314,240 £1 redeemable shares were issued for an aggregate nominal value of £7,314,240 and aggregate consideration of £7,314,240.

On 14 December 2017 the company extinguished this debt by redesignating the £1 redeemable shares to £1 ordinary shares. There was no profit and loss account effect to this transaction. The shares were redesignated on a share for share basis and fully paid up at their par value.

Prior period adjustment

During the year the company identified that the existing £1 redeemable share capital of £11,482,993 was in fact debt in nature, and not equity as had been disclosed in prior periods.

The rights of the shares were formally amended to ordinary £1 shares on 14 December 2017. The financial statements have been amended to show the redeemable shares as debt in line with their legal form in prior years as a prior period adjustment. As the shares were redeemable at one month's notice there was no material impact to the statement of comprehensive income of this restatement.

19. Reserves

The company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of any dividends and other adjustments.

20. Prior year adjustment

Upon review of the treatment directors have considered it more appropriate to present foreign exchange in relation to financing arrangements with finance costs/income and therefore prior year gains/losses of £1,102,472 have been re-classified within finance costs from overheads.

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £57,263 (2016 - £86,448). There were no amounts outstanding (2016 - £Nil) at the year end.

22. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	**80,000**	19,620
Later than 1 year and not later than 5 years	**313,333**	24,902
	393,333	44,522

23. Related party transactions

Key Management Personnel Compensation

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of those individuals is £1,065,087 (2016 - £710,486).

The company has taken advantage of the exemption available not to disclose transactions with other entities within the wholly owned group.

24. Post statement of financial position events

The following subsidiary undertakings, Claret Securities Limited, Claret Logistics Limited and Claret Marketing Limited, were dissolved following the year end on 27 February 2018.

25. Ultimate parent company

The immediate parent company is International Coins BV, a company registered in The Netherlands. The ultimate parent company is Proof Holdings AS, a company incorporated in Norway.

In the opinion of the Directors there is no ultimate controlling party.

The largest and smallest group in which the results of he company are consolidated is that headed by Proof Holdings AS. The consolidated financial statements of Proof Holdings AS are available to the public and may be obtained from Rosenholmveien 25, 1414 Trollasen, 0217 Oppegard, Norway.