

The London Mint Office Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 03470348



The London Mint Office Limited

Company Information

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

The London Mint Office Limited

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The London Mint Office Limited

Strategic Report For the Year Ended 31 December 2020

The Directors present their Strategic Report for the year ended 31 December 2020.

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 year 2020 had been a challenging year due to the impact of Covid-19 which the Company managed extremely well as the turnover increased to £30.3m compared to £28.1m in 2019. However, the EBITDA reduced to £1.5m compared to £2.2m in 2019 and £2.1m in 2018 that was due to increased cost of sales that was a result of offering discounts to customers to maintain the existing level of turnover and sourcing the products from alternative suppliers at higher prices as some of the Company's existing suppliers scaled back their operations due to the pandemic. The business expects to continue generating profits going forward. Adjusted 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, including the impact of COVID-19 and leaving the EU, which has affected consumer confidence and spending on nonessentials; and to minimise the impact of fluctuations in precious metal prices - the majority of our products 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. However 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 2020 were The 2020 5 oz Pure Silver Angel, The 2020 1/10 oz Pure Gold Angel, King George V Sovereign 1914, Queen Vic Veiled Head Half Sovereign, WW1 Allied and Central Powers 7 Coin Set, The 80th Anniversary of the Battle of Britain, The 2020 'Let the Battle Commence' Silver Sovereign.

The most critical issue in maximising profitability surrounds our customer relationships, which focuses on 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 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 turnover (net of returns and bad debt costs)), returns rates % (customer returns as a percentage of turnover), cost per new customer acquired (marketing spent divided by the new names/customers acquired), EBITDA as well as operating profit, profit before tax and working capital measurements.

The London Mint Office Limited

Strategic Report (continued) For the Year Ended 31 December 2020

Business performance and key performance indicators (continued)

Results for the 2020 financial year show the impact of the Company further expanding its operations and growing customer confidence in its products. As a result of strong marketing campaigns, the Company achieved increase in new customers that resulted in the increased turnover. This is reflected in the results as the turnover has increased by 8% compared to the year 2019 despite the impact of Covid-19 on customer confidence. Gross profit increased from £13.0m to £13.8m however gross profit margin % slightly fell from 46% to 45%. This was primarily due to increases in costs of purchasing merchandise. Operating profit reduced from £0.2m to Operating loss of (£0.7m) mainly due to an increase in marketing costs by £0.4m and fixed operating costs by £0.4m. The loss after tax of £0.9m arises due to the reassessment of the carrying value of deferred tax assets.

In August 2020, the Company also secured a term loan of £1 million from its primary bank HSBC under Coronavirus Large Business Interruption Loan Scheme. The proceeds were used to reduce the intercompany payables.

Current trading and outlook

The Directors are continually assessing and responding to the risks faced by the Company, including responding to the recent COVID-19 pandemic. The initial impact of COVID-19 was a reduction in demand from customers and no active marketing campaigns were undertaken in March and April 2020. There were no significant problems with access to products from our supply chain and we continued to be able to fulfil customer orders on a timely basis. We reacted early to take proactive measures in the workplace to reduce infection risk and these measures are under constant review. We also took advantage of government backed measures that allowed us to improve our short-term cash flow during the initial phase of the pandemic.

At the date of this report, the Directors are pleased that sales performance has rebounded from the initial reduction and revenue has exceeded our adjusted forecasts for recent months.

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

The Company is exposed to currency fluctuations due to having financial assets and liabilities denominated in foreign currencies. Company management regularly reviews exposure to ensure the risk is reduced where possible within group financing policies.

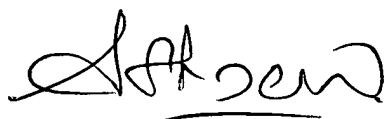
Credit risk

The Company has implemented policies to mitigate credit risk. These include setting credit limits appropriate to customers' ability to pay and formal credit control procedures should debtors become overdue.

The London Mint Office Limited

Strategic Report (continued) For the Year Ended 31 December 2020

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

A handwritten signature in black ink, appearing to read 'S Sharad', with a horizontal line underneath.

S Sharad
Director

Date: 11-11-2021

The London Mint Office Limited

Directors' Report For the Year Ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

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 loss for the year, after taxation, amounted to £889,483 (2019 - loss £56,572).

The Directors do not recommend the payment of a dividend (2019 - £Nil).

Directors

The Directors who served during the year were:

G C Prosser
P C Mortensen (resigned 1 August 2020)
S Sharad
C T Wood (appointed 1 August 2020)

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;
- 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 to 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.

Future developments

Future developments are deemed to be of strategic importance to the Company and as such have been outlined within the Strategic Report. The Directors are of the opinion that the business has now successfully overcome the impact of Covid-19 and project a significant growth in turnover and adjusted EBITDA in the year 2021 and further expand its customer base.

The London Mint Office Limited

Directors' Report (continued) For the Year Ended 31 December 2020

Qualifying third party indemnity provisions

The Company, insofar as is legally allowed for, indemnifies its Directors and Management and carries Officers and Directors liability insurance to underwrite the risks associated with this. There were no claims or payments made during the year (2019 - £Nil).

Going concern

The Directors are responsible for smooth running of the company and they plan and manage the Company's performance methodically throughout the year. The Directors are of the opinion that the Company has neither the intention to liquidate or curtail materially the scale of its operations and the business will continue to exist for at least 12 months post signing of the financial statements.

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.

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: 11-11-2021

The London Mint Office Limited

Independent Auditor's report to the members of The London Mint Office Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss 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.

We have audited the financial statements of The London Mint Office Limited ("the Company") for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, and the 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).

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

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.

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 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.

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

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

The London Mint Office Limited

Independent Auditor's report to the members of The London Mint Office Limited (continued)

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 Directors' 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibility 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.

The London Mint Office Limited

Independent Auditor's report to the members of The London Mint Office Limited (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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. We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- obtaining an understanding of the legal and regulatory frameworks that are applicable to the Company. These include but are not limited to compliance with the Companies Act 2006, UK GAAP, and tax legislation;
- agreement of the financial statement disclosures to underlying supporting documentation;
- addressing the fraud risk in revenue recognition by confirming that transactions around the year end were recorded in the correct accounting period and testing the completeness of credit note and returns provisions based on post year end events;
- enquiries of management; and
- review of board minutes throughout the year.

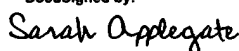
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on 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.

DocuSigned by:



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

18 November 2021

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 2020

	Note	2020 £	2019 £
Turnover	4	30,392,066	28,151,638
Cost of sales		(16,588,743)	(15,123,368)
Gross profit		13,803,323	13,028,270
Distribution costs		(2,957,593)	(2,617,976)
Administrative expenses		(11,503,840)	(10,210,600)
Operating (loss)/profit	5	(658,110)	199,694
Interest payable and similar expenses	8	(57,174)	(52,454)
(Loss)/profit before taxation		(715,284)	147,240
Tax on (loss)/profit	9	(174,199)	(203,812)
Loss for the financial year		(889,483)	(56,572)

There was no other comprehensive income for 2020 (2019 - £Nil).

The notes on pages 12 to 27 form part of these financial statements.

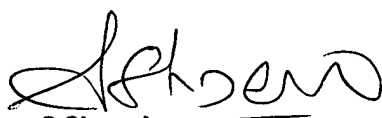
The London Mint Office Limited

Registered number:03470348

Statement of Financial Position As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	10		1,492,594		1,790,489
Tangible assets	11		152,754		178,705
Investments	12		200		200
			<u>1,645,548</u>		<u>1,969,394</u>
Current assets					
Stocks	13	2,231,532		2,591,301	
Debtors: amounts falling due within one year	14	11,001,113		9,554,189	
Cash at bank and in hand		367,694		479,995	
		<u>13,600,339</u>		<u>12,625,485</u>	
Creditors: amounts falling due within one year	15	(6,916,913)		(6,237,416)	
Net current assets			<u>6,683,426</u>		<u>6,388,069</u>
Total assets less current liabilities			<u>8,328,974</u>		<u>8,357,463</u>
Creditors: amounts falling due after more than one year	16		(860,994)		-
Net assets			<u><u>7,467,980</u></u>		<u><u>8,357,463</u></u>
Capital and reserves					
Called up share capital	19		23,997,753		23,997,753
Profit and loss account	20		(16,529,773)		(15,640,290)
Total equity			<u><u>7,467,980</u></u>		<u><u>8,357,463</u></u>

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


S Sharad
Director

Date: 11-11-2021

The notes on pages 12 to 27 form part of these financial statements.

The London Mint Office Limited

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	18,798,233	(15,583,718)	3,214,515
Comprehensive income for the year			
Loss for the year	-	(56,572)	(56,572)
Total comprehensive loss for the year	-	(56,572)	(56,572)
Contributions by and distributions to owners			
Shares issued during the year	5,199,520	-	5,199,520
Total transactions with owners	5,199,520	-	5,199,520
At 1 January 2020	23,997,753	(15,640,290)	8,357,463
Comprehensive loss for the year			
Loss for the year	-	(889,483)	(889,483)
Total comprehensive loss for the year	-	(889,483)	(889,483)
At 31 December 2020	23,997,753	(16,529,773)	7,467,980

The notes on pages 12 to 27 form part of these financial statements.

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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 financial statements are prepared in GBP and rounded to the nearest £.

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 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 11.42, 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 2020 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 405 of the Companies Act 2006 as inclusions of its subsidiaries, which are dormant, would be immaterial for the purpose of giving a true and fair view.

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.4 Going concern

The Directors acknowledge that the Company made a loss after taxation for the year, however they believe that preparing the financial statements on the going concern basis is appropriate.

The Directors have considered the impact on the Company's forecasts and projections and after taking into account reasonably possible changes in forecasts have concluded that the company should be able to pay its debts as they fall due and that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion the Directors have considered the following factors:

The ability to operate and supply customers:

Throughout the pandemic we have been able to operate our warehouse safely and have implemented robust social distancing measures to ensure we provide a safe environment for our employees. We have been able to deliver to our customers on a timely basis with these measure in place.

Management have reviewed back-office resources and procedures to ensure the company can function remotely, continue to pay employees and suppliers and issue sales invoices. Office based staff can operate remotely with full access to the network and IT systems.

The ability to meet debts as they fall due:

At the onset of the pandemic management undertook a reforecasting exercise for FY20 and FY21, based on an anticipated fall in revenue and the resulting impact on cash flow. The Company has taken advantage of government backed support schemes and agreed a short term payment holiday with its bankers who have continued to be supportive of the business. As disclosed in note 16 there was a technical covenant breach at December 2019 that was waived after the year end. The existing covenants were subject to annual testing, however the impact of the pandemic identified forecast breaches for future tests. Since the year end the Company has extended its borrowings with the bank by way of a £1.2m term loan and also renegotiated its covenants and test dates such that all covenants are forecast to be met for the foreseeable future.

After the year end the Company obtained new financing for a term of 5 years and 9 months from the date of drawdown. Interest is payable monthly and capital repayments are payable quarterly from 12 months after draw down of the loan.

All of these matters have been incorporated into cash flow projections which, when combined with post year end trading results, indicate that the company will be able to meet all its liabilities as they fall due through to the end of FY21.

The Directors have also considered the amount by which revenue would need to fall against forecast for a covenant to be breached within 12 months or for the business to be at risk of a cash flow shortage. The Directors consider the likelihood of a reduction in revenue of this magnitude to be remote based on current trading levels. As such the directors concluded that no material uncertainty exists in relation to going concern.

The results for the FY 2020 reflect this as the Company has met its bank's revised financial covenant of Adjusted Tangible Net Worth for the year ended 31st December 2020. The Company also overachieved the revised projections submitted to its bank HSBC in terms of Turnover and EBITDA for the year 2020.

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.5 Turnover

Turnover 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. Revenue is stated net of any deductible VAT.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 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

2.8 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.

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

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:

Motor vehicles	- 33% on cost
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 Statement of Comprehensive Income as incurred.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.14 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.

2.15 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 profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or 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.

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Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 Company'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 stocks: the stock 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 £598,163 (2019 - £493,040).
- Impairment of trade debtors: trade debtors' provision is based on the aging 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 £1,460,165 (2019 - £1,139,077).

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Notes to the Financial Statements For the Year Ended 31 December 2020

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

- 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 £434,093 (2019 - £767,598) at year end was calculated using this methodology.
- Deferred tax asset: the deferred tax asset for carried forward losses is based on estimated taxable profits where these can be reliably estimated and have been forecast. The deferred tax asset recognised at 31 December 2020 is £665,961 (2019 - £406,964).

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 (loss)/profit

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

	2020 £	2019 £
Depreciation of tangible fixed assets	77,908	84,688
Fees payable to the company's auditor for the audit of the Company's annual accounts	31,000	30,130
Goodwill amortisation	292,717	292,717
Computer software amortisation	11,319	31,495
Loss on foreign exchange	9,317	33,944
Operating lease rentals	109,445	104,538

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

6. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	4,988,473	4,329,783
Social insurance costs	505,936	394,623
Cost of defined contribution scheme	203,937	174,479
	<u>5,698,346</u>	<u>4,898,885</u>

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

	2020 No.	2019 No.
Sales	94	73
Back Office/Administration	96	93
	<u>190</u>	<u>166</u>

7. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	459,826	343,390
Company contributions to defined contribution pension schemes	22,810	37,720
	<u>482,636</u>	<u>381,110</u>

During the year retirement benefits were accruing to 3 Directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £224,540 (2019 - £226,985).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £8,982 (2019 - £33,343).

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Interest payable and similar expenses

	2020 £	2019 £
Group interest payable	13,343	1,348
Net exchange loss on foreign currency borrowings from group	43,831	51,106
	<u>57,174</u>	<u>52,454</u>

9. Taxation

	2020 £	2019 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	222,077	205,110
Adjustments in respect of prior periods	-	(1,298)
Effect of tax rate change on opening balance	(47,878)	-
Total deferred tax	<u>174,199</u>	<u>203,812</u>
Taxation on (loss)/profit	<u>174,199</u>	<u>203,812</u>

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit before tax	(715,284)	147,240
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(135,904)	27,976
Effects of:		
Expenses not deductible for tax purposes	75	1,714
Capital allowances for year in excess of depreciation	57,908	58,835
Adjustments to tax charge in respect of prior periods	-	(1,298)
Deferred tax not recognised	543,680	125,904
Adjustments to deferred tax average rate	(291,560)	(9,319)
Total tax (credit)/charge for the year	174,199	203,812

Factors that may affect future tax charges

The budget resolution has announced a rise of the UK Corporation tax rate to 25% from 1 April 2022. This has not been substantively enacted at the balance sheet signing date and as such has not impacted upon the calculation of deferred tax as at 31 December 2020. The utilisation of the new corporation tax rate proposed in the recent budget will be considered in future periods.

The Company has trading losses of approximately £14,987,000 (2019 - £14,841,000) available for offset against future trading profits. These can be represented as a deferred tax asset of approximately £2,848,000 (2019 - £2,523,000) of which £233,000 (2019 - £407,000) has been recognised in the Statement of Financial Position. The impact of the above increase in the UK corporation tax rate to 25% would result in an increase in the deferred tax asset of approximately £900,000 to £3,747,000.

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

10. Intangible assets

	Business names and trade marks £	Computer software £	Goodwill £	Total £
Cost				
At 1 January 2020	74,611	1,007,073	2,927,170	4,008,854
Additions	-	6,141	-	6,141
At 31 December 2020	74,611	1,013,214	2,927,170	4,014,995
Amortisation				
At 1 January 2020	74,611	972,886	1,170,868	2,218,365
Charge for the year	-	11,319	292,717	304,036
At 31 December 2020	74,611	984,205	1,463,585	2,522,401
Net book value				
At 31 December 2020	-	29,009	1,463,585	1,492,594
At 31 December 2019	-	34,187	1,756,302	1,790,489

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Notes to the Financial Statements For the Year Ended 31 December 2020

11. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2020	11,375	325,832	441,980	779,187
Additions	-	33,128	18,702	51,830
At 31 December 2020	11,375	358,960	460,682	831,017
Depreciation				
At 1 January 2020	7,648	184,750	408,084	600,482
Charge for the year	3,476	61,666	12,639	77,781
At 31 December 2020	11,124	246,416	420,723	678,263
Net book value				
At 31 December 2020	251	112,544	39,959	152,754
At 31 December 2019	3,727	141,082	33,896	178,705

12. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2020 and at 31 December 2020	200

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

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

13. Stocks

	2020 £	2019 £
Finished goods and goods for resale	2,231,532	2,591,301

There is no material difference between the replacement cost of stock and their Statement of Financial Position amounts.

An impairment loss of £830,059 (2019 - £392,568) was recognised in cost of sales due to slow moving and obsolete stock.

14. Debtors

	2020 £	2019 £
Trade debtors	7,012,974	6,198,079
Amounts owed by group undertakings	3,173,413	2,085,461
Other debtors	501,621	314,330
Prepayments	80,340	549,355
Deferred taxation	232,765	406,964
	11,001,113	9,554,189

Amounts owed by group undertakings are interest free and repayable on demand.

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	1,337,434	1,682,055
Bank overdrafts	-	126,387
Trade creditors	1,724,039	2,841,069
Amounts owed to group undertakings	2,564,132	672,304
Taxation and social insurance	431,747	155,880
Other creditors	207	145,396
Accruals	859,354	614,325
	<u>6,916,913</u>	<u>6,237,416</u>

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

Amounts owed to group undertakings are repayable on demand and attract interest as disclosed in note 8.

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

	2020 £	2019 £
Bank loans	<u>860,994</u>	<u>-</u>

17. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	1,337,434	1,682,055
Bank overdrafts	-	126,387
Amounts falling due 2-5 years		
Bank loans	860,994	-
	<u>2,198,428</u>	<u>1,808,442</u>

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 are by the use of the Group financing facility provided by the Group bankers.

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

18. Deferred taxation

	2020 £
At beginning of year	406,964
Charged to profit or loss	(174,199)
At end of year	232,765

The deferred tax asset is made up as follows:

	2020 £	2019 £
Tax losses carried forward	232,765	406,964

19. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
23,997,753 (2019 - 23,997,753) Ordinary shares of £1.00 each	23,997,753	23,997,753

20. 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.

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 £203,937 (2019 - £174,479). An amount of £25,654 was outstanding (2019 - £26,497) at the year end and is included within creditors.

The London Mint Office Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

22. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	109,445	109,445
Later than 1 year and not later than 5 years	107,686	217,131
	<u>217,131</u>	<u>326,576</u>

23. Related party transactions

The Company has taken advantage of the exemption conferred by section 33.1A of FRS102 not to disclose transactions with other wholly owned subsidiaries within the group.

24. Controlling party

The immediate parent company is International Coins BV, a company registered in The Netherlands. The registered office of International Coins BV is International Coins BV, Landdrostdreef 100, 1314SK Almere. The ultimate parent company is Samlerhuset-Gruppen AS, a company incorporated in Norway. The registered office of Samlerhuset-Gruppen AS is Rosenholmveien 25, 1414 Trollåsen, Norway.

The largest and smallest group in which the results of the Company are consolidated is that headed by Samlerhuset-Gruppen AS. The consolidated financial statements of Samlerhuset-Gruppen AS are available to the public and may be obtained from the registered office.

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