

**OS AA01**

Statement of details of parent law and other  
information for an overseas company



Companies House



A15 09/10/2020 #64  
COMPANIES HOUSE

✓ **What this form is for**  
You may use this form to  
accompany your accounts  
disclosed under parent law.

✗ **What this form is NOT for**  
You cannot use this form to  
an alteration of manner of  
with accounting requirements.

FRIDAY

**Part 1 Corporate company name**

Corporate name of overseas company ① WORLD GOLD COUNCIL,AN ASSOCIATION

UK establishment number B R 0 1 2 7 0 7

→ **Filling in this form**  
Please complete in typescript or in  
bold black capitals.

All fields are mandatory unless  
specified or indicated by \*

① This is the name of the company in  
its home state.

**Part 2 Statement of details of parent law and other  
information for an overseas company**

**A1 Legislation**

Please give the legislation under which the accounts have been prepared and,  
if applicable, the legislation under which the accounts have been audited.

Legislation ② SWISS LAW AND SWISS AUDITING STANDARDS

② This means the relevant rules or  
legislation which regulates the  
preparation and, if applicable, the  
audit of accounts.

**A2 Accounting principles**

Accounts Have the accounts been prepared in accordance with a set of generally accepted  
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other  
body which issued those principles below, and then go to Section A3.

Name of organisation or body ③ INTERNATIONAL ACCOUNTING STANDARDS BOARD

③ Please insert the name of the  
appropriate accounting organisation  
or body.

**A3 Accounts**


Accounts Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

# OS AA01

## Statement of details of parent law and other information for an overseas company

|                                |   |   |
|--------------------------------|---|---|
| <b>A4 Audited accounts</b>     |   |   |
| Audited accounts               | <p>Have the accounts been audited in accordance with a set of generally accepted auditing standards?</p> <p>Please tick the appropriate box.</p> <p><input type="checkbox"/> No. Go to <b>Part 3 'Signature'</b>.</p> <p><input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to <b>Part 3 'Signature'</b>.</p> | <p>① Please insert the name of the appropriate accounting organisation or body.</p> |
| Name of organisation or body ① | SWISS FEDERAL AUDIT OVERSIGHT AUTHORITY   |   |
| <b>A5 Unaudited accounts</b>   |   |   |
| Unaudited accounts             | <p>Is the company required to have its accounts audited?</p> <p>Please tick the appropriate box.</p> <p><input type="checkbox"/> No.</p> <p><input type="checkbox"/> Yes.</p>   |   |
| <b>Part 3 Signature</b>        |   |   |
|                                | <p>I am signing this form on behalf of the overseas company.</p>  |   |
| Signature                      | <p>Signature</p> <p>X  X</p>   |   |
|                                | <p>This form may be signed by:<br/>Director, Secretary, Permanent representative.</p>   |   |

# OS AA01

Statement of details of parent law and other information for an overseas company



## Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name KATHRYN HOPKINS

Company name DELOITTE LLP

Address 5 CALLAGHAN SQUARE

Post town CARDIFF

County/Region

Postcode C F 1 0 5 B T

Country

DX

Telephone



## Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



## Important information

Please note that all this information will appear on the public record.



## Where to send

You may return this form to any Companies House address:

### England and Wales:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

### Scotland:

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post).

### Northern Ireland:

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG.  
DX 481 N.R. Belfast 1.



## Further information

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)



**World Gold Council, an Association**  
**Consolidated financial statements**  
for the year ended 31 December 2019

## **ABOUT THE WORLD GOLD COUNCIL**

The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership and be the global authority on the gold market.

We act when others do not, when change is essential and when the outcomes are at scale and sustainable. We will only intervene when we have the capacity to succeed and when we act aligned or in collaboration with leading market participants and stakeholders.

We work to protect and enhance trust and transparency in the market, while developing further understanding. Our involvement in developing appropriate pro-gold policies helps to create a fair and effective market and works towards ensuring universal access to gold. While our ambitions are extensive, our objective remains the same – to ensure a vibrant and growing gold market of ever greater relevance.

Based in the U.K., with operations in India, the Far East and the US, the World Gold Council is an association whose members comprise the world's leading gold mining companies.

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## **Report of the Chief Executive Officer**

The World Gold Council's financial position at the end of 2019 as compared to that at the end of 2018 is included in the financial performance highlights below.

### **Financial performance**

Members' dues for the year amounted to US\$3.3 million (2018: US\$3.1 million) whilst income from the sponsor fees by SPDR® Gold Trust, SPDR® Long Dollar Gold Trust and SPDR® Gold Minishares in 2019 was US\$149.5million (2018: US\$131.7million) and other income was \$2.4m (2018: US\$2.2 million).

Operational expenditure in 2019 totalled US\$133.4 million (2018: US\$121.9 million), which was less than revenue by US\$21.8 million (2018: less than revenue by US\$15.1 million) before interest, exchange differences and taxation.

The cash holdings of the World Gold Council increased to US\$49.7 million at the end of the 2019 financial year (2018: US\$44.1 million). Vaulted gold holdings increased to 56,908 ounces, valued at US\$86.7m (2018: 50,315 ounces, valued at US\$64.5 million). Holdings in gold ETF investments increased to US\$54.5 million (2018: US\$36.9 million).

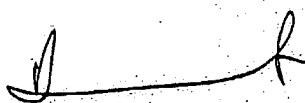
Net cash flows from operating activities generated a surplus of US\$19.3 million (2018: US\$5.8 million), whilst investing activities resulted in a net outflow of US\$10.2 million (2018: net outflow of US\$30.2 million) and outflow from financing activities was US\$2.8 million (2018: US\$ nil).

### **Employees**

Staff numbers at the end of the year were 58 (2018: 60) and average numbers during the year were 61 (2018: 61).

### **Subsequent Events**

At the time of signing these accounts, Covid-19 has impacted the global economy. The World Gold Council is well organised to manage through this period and we do not anticipate any material changes to our operations as a result of the current situation.



**David Tait**  
**Chief Executive Officer**  
**16 April 2020**

## **Company Secretarial report**

### **General**

The consolidated financial statements of the World Gold Council for the year ended 31 December 2019 are presented from page 17 to 54. The World Gold Council is an Association established under Swiss Law and carried out its activities during 2019 through a number of subsidiaries, branches and representative offices together with interests in joint ventures, which are detailed in notes 18 and 19 to the consolidated financial statements.

The World Gold Council has voluntarily elected to comply with the International Financial Reporting Standards ("IFRS") in compiling its consolidated financial statements for the year ended 31 December 2019.

### **Membership**

Members of the World Gold Council are made up of gold mining, royalty and streaming companies which are listed on page 11 of these consolidated financial statements.

### **Governance**

Corporate governance refers to what the Board does, how it sets the objectives of the World Gold Council and how the Board goes about ensuring that these objectives are met. The following briefly explains the individual aspects of the governance that the World Gold Council applies.

#### **Leadership**

- The World Gold Council is headed by a Board which is collectively responsible for its long-term success.
- There is a clear division of responsibilities between the Board and the executives responsible for the daily operations of the World Gold Council's business.
- The Chair is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role.

#### **Effectiveness**

- There is a formal and transparent procedure for the appointment of new Directors to the Board as contained in the Articles of Association.
- The Board is supplied, in a timely manner, with information in a form and of a quality appropriate to enable it to discharge its duties.

#### **Accountability**

- The Board is responsible for determining the nature and extent of the risks that it is willing for the World Gold Council to take in achieving its strategic objectives.
- The Board requires the management of the World Gold Council to maintain sound internal control systems.



## **Company Secretarial report (continued)**

- The Board is responsible for establishing formal and transparent arrangements for considering how they should apply principles for corporate reporting, risk management, internal control and for maintaining an appropriate relationship with the World Gold Council's auditor.

### **Rélations with Members**

The Directors represent the Members and are selected from the Officers of the companies that they represent.

### **Internal Control**

The Board is responsible for the World Gold Council's system of internal control. Internal control is embedded in all key aspects of the World Gold Council's undertakings. In the context of the World Gold Council's business, any such system can only reasonably be expected to manage rather than eliminate all risks arising from its operations. It can, therefore, only provide reasonable and not absolute assurance against material loss or misstatement.

### **Conduct of a Risk Assessment**

During the year under review, Management assessed the risks associated with the operations, external environment and internal controls of the organisation. The internal controls and the operations of the organisation are assessed by the Internal Auditor and the Chief Financial Officer whilst the business environment is assessed by both the Board and Management. These assessments complete the risk to meet the Swiss requirements on the existence of an Internal Control system (ICS).

The main areas of financial risk are set out in note 5 on page 35.

### **The Board of Directors**

The Board is responsible for the management, control and direction of the activities, affairs and property of the World Gold Council in accordance with the Articles of Association. The composition of the Board is shown on page 12. Board Directors, and their Alternate Directors, hold office for one year, which is renewable annually. The Chair holds office for two years, which is renewable once.

### **Responsibilities of the Board**

- The Board's role is to provide leadership of the organisation within an internal control framework which enables risks to be assessed and managed.
- The Board sets the organisation's strategic aims and ensures that the necessary financial and human resources are in place for the organisation to meet its objectives whilst reviewing management's performance.
- The Board ensures that its obligations to the Members and others are understood and met.
- There is a clear distinction between the responsibilities of the Chair of the Board and the Chief Executive Officer of the World Gold Council.
- The Chair is responsible for the leadership of the Board and ensuring its effectiveness on all aspects of its role and the setting of the Board's agenda.
- The Chief Executive Officer is responsible for the day to day operations of the World Gold Council, along with ensuring that the World Gold Council's strategy is met.

## **Company Secretarial report (continued)**

### **Meetings of the Board**

The Board met either in person or by way of a telephone conference call four times (2018: four times) during the year ended 31 December 2019.

### **Election of Directors and Committees**

The election of Directors by Members is governed by the World Gold Council's Articles of Association.

Directors and Alternate Directors of the World Gold Council, as at 31 December 2019, are listed on page 12 of these consolidated financial statements.

### **The Administration Committee**

The Administration Committee advises the Board on the annual budget process and the financial sustainability of the World Gold Council. It also provides input to the Board on annual performance objectives and assessment of performance against these objectives. The Administration Committee shall also provide a forum to support the Chair and CEO in "day-to-day" decision-making, related to market development initiatives.

The Committee comprises the WGC Chair, the WGC Vice-Chair, the CEO and the Chairs of each of the Audit Committee, the Compensation Committee and the Governance Committees. There may be additional Directors appointed to the Administration Committee. The Committee operates under terms of reference determined by the Board.

Details of the Members of the Administration Committee of the World Gold Council, as at 31 December 2019, are listed on page 12 of these consolidated financial statements.

### **The Audit Committee**

The Audit Committee's role is to assist the Board in meeting its responsibilities in the areas of financial systems and internal control, reporting, ethical standards, and in overseeing the processes by which the World Gold Council identifies, measures and manages risk.

The Committee comprises of at least three non-executive Directors or Alternate Directors. The Committee operates under terms of reference determined by the Board. Reports of the Committee's proceedings are made available to the Board. The Committee has unlimited access to both internal and external auditors. The Committee meets on a regular basis and met four times during 2019 (2018: four times).

Details of the Members of the Audit Committee of the World Gold Council, as at 31 December 2019, are listed on page 13 of these consolidated financial statements.

The Audit Committee is responsible for:

- Monitoring the integrity of the financial statements of the organisation and any formal announcement relating to the organisation's financial performance and reviewing significant financial reporting judgements contained therein.
- Reviewing the organisation's financial controls and the internal control and risk management framework.
- Monitoring and reviewing the effectiveness of the organisation's internal audit function.
- Making recommendations to the Board on the appointment and approval of the terms of engagement of the external auditors.

## **Company Secretarial report (continued)**

- Developing and implementing a policy on the engagement of the external auditors to supply additional non-audit services, taking into account relevant guidance regarding the provision of non-audit services by an external audit firm.
- Reviewing and monitoring the external auditors' independence and objectivity, the effectiveness of the audit process, whilst taking into consideration the relevant professional and regulatory requirements.

As a general rule the World Gold Council ensures that the external auditor only undertakes functions for the World Gold Council that the World Gold Council believes do not impair their independence. The World Gold Council has employed different professional firms to undertake the functions of:

- Internal auditor
- External auditor.
- Tax advisor.
- Valuation advisor

### **The Compensation Committee**

The purpose of the Compensation Committee is to consider and approve the remuneration strategy, policy and framework for the World Gold Council and to approve the remuneration of the CEO and Managing Directors. The objective of the strategy, policy and framework shall be to ensure that the CEO and Managing Directors are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the World Gold Council. Local market practices will be taken into account and inform the World Gold Council's overall remuneration strategy.

The Compensation Committee will determine and regularly review specified remuneration packages, including incentive and retention awards, pension rights and any compensation payment, for the CEO and Managing Directors. The CEO and Managing Directors shall not be involved in any decisions as to their own remuneration. The Committee comprises at least three non-executive Directors or alternate Directors and operates under terms of reference determined by the Board.

Details of the Members of the Compensation Committee of the World Gold Council, as at 31 December 2019, are listed on page 13 of these consolidated financial statements.

### **The Governance and Nomination Committee**

The Governance and Nomination Committee shall ensure that Board and Committee governance processes are adhered to. It shall also determine and oversee the nomination process for selecting the WGC Chair, Vice-Chair and members of each of the Board Committees, including their respective Chairs.

The Committee should aim to ensure that the composition of all Committees represent the breadth of membership (re: size, geography, activity). The Committee comprises at least three non-executive Directors or alternate Directors and operates under terms of reference determined by the Board.

Details of the Members of the Governance and Nomination Committee of the World Gold Council, as at 31 December 2019, are listed on page 13 of these consolidated financial statements.



## **Company Secretarial report (continued)**

### **Employees and the World Gold Council's Treatment of Employees**

The World Gold Council's overall policy is to consult and discuss with employees through meetings, both formal and informal, those matters most likely to affect employees' interests.

Employees are incentivised directly through the World Gold Council's compensation arrangements, performance reviews, training and development opportunities. The World Gold Council's aim is to recruit and retain sufficiently skilled and motivated employees to meet the needs of the business.

It is the World Gold Council's policy to give full and fair consideration to all applications for employment from disabled persons, having regard to their particular aptitudes and abilities and to encourage the training and career development of all personnel employed by the World Gold Council. Should an employee become disabled, the World Gold Council would, where practicable, seek to continue the employment making all adaptations required.

A handwritten signature in black ink, appearing to read "T. Heymann", followed by a horizontal line.

**Terence Heymann**  
Treasurer and Company Secretary  
16 April 2020

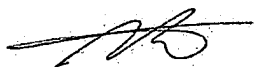
## Going concern statement

The Directors of the World Gold Council have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the World Gold Council has adequate resources to continue in operational existence for at least 12 months from the date of approval of these accounts. For this reason, the Directors continue to adopt the going concern basis in preparing these financial statements.

The Directors' judgement is based on the following:

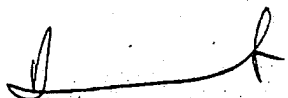
- The revenue generated from SPDR® Gold is independent of the level of membership and covers a significant proportion of the World Gold Council's costs.
- There is a substantial asset in the form of deferred consideration receivable in gold which is paid in instalments each year.
- There are no material contractual obligations, except property leases, that are longer than one year.
- The World Gold Council has no borrowings and maintains a strong cash and gold position that is adequate for ongoing working capital requirements.
- The World Gold Council aims to operate a balanced budget where income equals or exceeds expenditure.

By Order of the Board



**Scott Perry**  
Chair, Audit Committee

16 April 2020



**David Tait**  
Chief Executive Officer

16 April 2020

## **Directors' Responsibilities statement**

The Directors are responsible for preparing consolidated financial statements in accordance with applicable laws and regulations. In preparing these consolidated financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether they have been prepared in accordance with IFRS as adopted by the International Accounting Standards Board.
- Assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Members of the World Gold Council as at 31 December 2019**

1. Agnico Eagle Mines Limited
2. Alamos Gold Inc.
3. AngloGold Ashanti
4. Barrick Gold Corporation
5. Centerra Gold Inc.
6. China National Gold Corporation
7. Cia de Minas Buenaventura SAA
8. Detour Gold Corporation\*
9. Eldorado Gold Corporation
10. Endeavour Mining
11. Franco-Nevada Corporation
12. Golden Star Resources Ltd
13. IAMGOLD Corporation
14. Kinross Gold Corporation
15. Kirkland Lake Gold\*
16. Newcrest Mining Ltd
17. Newmont Mining Corporation
18. OceanaGold Corporation
19. Pretium Resources Inc
20. Resolute Mining Limited
21. Royal Gold Inc.
22. Shandong Gold
23. Sibanye Stillwater
24. Teranga Gold
25. Wheaton Precious Metals Corp.
26. Yamana Gold Inc.

\* In January 2020 Kirkland Lake Gold completed a takeover of Detour Gold Corporation.

## Directors, Officers and Committees

The Directors, Officers and Committees as at 31 December 2019 were:

| Directors              | Alternate Directors     | Member Company                |
|------------------------|-------------------------|-------------------------------|
| Ammar Al-Joundi        | Christian Provencher    | Agnico-Eagle Mines Limited    |
| John McCluskey         | –                       | Alamos Gold Inc.              |
| Kelvin Dushnisky       | Christine Ramon         | AngloGold Ashanti             |
| Mark Bristow           | Graham Shuttleworth     | Barrick Gold Corporation      |
| Scott Perry            | Darren Millman          | Centerra Gold Inc.            |
| Xin Song               | Jerry Xie               | China Gold Group              |
| Victor Gobitz          | Leandro Garcia          | Cia de Minas Buenaventura SAA |
| Mick McMullen          | Jaco Crouse             | Detour Gold                   |
| George Burns           | George Albino           | Eldorado Gold Corporation     |
| Sebastian de Montessus | –                       | Endeavour Mining              |
| David Harquail         | Sandip Rana             | Franco-Nevada Corporation     |
| Andrew Wray            | Andre Van Niekerk       | Golden Star Resources Limited |
| Don Charter            | Ben Little              | IAMGOLD Corporation           |
| Paul Rollinson         | Andrea Freeborough      | Kinross Gold Corporation      |
| Tony Makuch            | –                       | Kirkland Lake Gold            |
| Sandeep Biswas         | Gerard Bond             | Newcrest Mining Limited       |
| Tom Palmer             | Nancy Buese             | Newmont Mining Corporation    |
| Mick Wilkes            | Cody Whipperman         | OceanaGold Corporation        |
| Robert Quartermain     | –                       | Pretium Resources Inc.        |
| John Welborn           | –                       | Resolute Mining Limited       |
| Tony Jensen            | William H Heissenbuttel | Royal Gold Inc.               |
| Yumin Chen             | Xinsheng Guo            | Shandong Gold Group           |
| Neal Froneman          | Charl Keyter            | Sibanye Stillwater            |
| Richard Young          | –                       | Teranga Gold                  |
| Randy Smallwood        | Gary Brown              | Wheaton Precious Metals       |
| Peter Marrone          | Daniel Racine           | Yamana Gold Inc.              |
| David Tait             | –                       | World Gold Council            |

| Officers                                       | Administration Committee |                  |
|--|--------------------------|------------------|
| David Harquail (Chair)                         | David Harquail (Chair)   | Kelvin Dushnisky |
| David Tait, CEO                                | Scott Perry              | Randy Smallwood  |
| Terence Heymann, Treasurer & Company Secretary | Sandeep Biswas           | David Tait, CEO  |
|  | Mick Wilkes              |                  |



## Directors, Officers and Committees (continued)

| Audit Committee                                | Governance & Nomination Committee | Compensation Committee  |
|--|-----------------------------------|-------------------------|
| Scott Perry (Chair)                            | Mick Wilkes (Chair)               | Randy Smallwood (Chair) |
| Andrea Freeborough                             | Neal Froneman                     | David Harquail          |
| Charl Keyter                                   | Tony Jensen                       | Kelvin Dushnisky        |
| Sandip Rana                                    | Richard Young                     | John McCluskey          |
| Nancy Buese                                    |                                   | Sandip Biswas           |
| Terence Heymann, Treasurer & Company Secretary |                                   | David Tait, CEO         |

| Principal Banker  | Principal Place of Business                          | Auditor  | Registered Company No.s  |
|---|--|--|--|
| HSBC Bank plc<br>8 Canada Square<br>London, E14 5HQ<br>United Kingdom | 15 Fetter Lane<br>London, EC4A 1JP<br>United Kingdom | KPMG SA, Geneva<br>Esplanade de Pont-Rouge 6<br>1211 Geneva<br>Switzerland | UK Companies House –<br>FC014324.<br>World Gold Council, an<br>Association<br>Swiss Registry - CH-660-<br>0534987- 6 |



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[kpmg.ch](http://kpmg.ch)

Statutory Auditor's Report to the General Meeting of Members of

**World Gold Council, an Association, Geneva**

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## **Report on the Audit of the Consolidated Financial Statements**

### *Opinion*

We have audited the consolidated financial statements of World Gold Council, an Association, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of comprehensive surplus, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

### *Basis for Opinion*

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, 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.

### *Other information in the Annual Report*

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.



*Responsibility of the Board of Directors for the Consolidated Financial Statements*

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISAs and Swiss Auditing Standards 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



*World Gold Council, an Association, Geneva  
Statutory Auditor's Report  
on the Audit of the Consolidated Financial Statements  
to the General Meeting of Members*

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)*

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG SA

Paul Rieveley  
*Licensed Audit Expert  
Auditor in Charge*

Stéphane Nusbaumer

Geneva, 23 April 2020

*Enclosure:*

- Consolidated financial statements, which comprise the consolidated statement of financial position, consolidated statement of comprehensive surplus, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements

**Consolidated financial statements**  
**Consolidated statement of financial position**  
**At 31 December 2019**

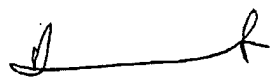
|                                     | Notes | 2019<br>US\$ 000's | 2018<br>US\$ 000's |
|-------------------------------------|-------|--------------------|--------------------|
| <b>Assets</b>                       |       |                    |                    |
| Investments                         | 21    | 78                 | 78                 |
| Investment in joint ventures        | 19    | 201                | 602                |
| Investment in associates            | 21    | 510                | 304                |
| Property, plant and equipment       | 6, 16 | 4,973              | 1,015              |
| Intangible assets                   | 7     | 2                  | 2                  |
| Other non-current assets            | 9     | 1,144              | 368                |
| Gold holdings                       | 8     | 438                | 72                 |
| Deferred tax asset                  | 15    | 3,035              | 9,295              |
| Deferred consideration receivable   | 13    | 81,952             | 62,597             |
| <b>Non-current assets</b>           |       | <b>92,333</b>      | <b>74,333</b>      |
| Investments                         | 21    | 54,504             | 36,859             |
| Other current assets                | 10    | 16,452             | 12,562             |
| Deferred consideration receivable   | 13    | 9,446              | 8,000              |
| Current tax assets                  | 15    | 1,581              | -                  |
| Prepaid expenses                    |       | 1,057              | 901                |
| Gold holdings – gold reserve        | 8     | 86,743             | 64,486             |
| Cash and cash equivalents           |       | 49,684             | 44,058             |
| <b>Current assets</b>               |       | <b>219,467</b>     | <b>166,866</b>     |
| <b>Total assets</b>                 |       | <b>311,800</b>     | <b>241,199</b>     |
| <b>Equity</b>                       |       |                    |                    |
| Donation of net assets              |       | 152                | 152                |
| Translation reserve                 |       | (54,734)           | (54,815)           |
| Retained surplus                    |       | 335,860            | 270,792            |
| <b>Total equity</b>                 |       | <b>281,278</b>     | <b>216,129</b>     |
| <b>Liabilities</b>                  |       |                    |                    |
| Provisions                          | 12    | 1,883              | 2,616              |
| Lease liabilities                   | 16    | 3,320              | -                  |
| <b>Non-current liabilities</b>      |       | <b>5,203</b>       | <b>2,616</b>       |
| Creditors and accrued expenses      | 11    | 21,188             | 17,077             |
| Provisions                          | 12    | 390                | 2,633              |
| Lease liabilities                   | 16    | 2,572              | -                  |
| Current tax liabilities             | 15    | 1,169              | 2,744              |
| <b>Current liabilities</b>          |       | <b>25,319</b>      | <b>22,454</b>      |
| <b>Total liabilities</b>            |       | <b>30,522</b>      | <b>25,070</b>      |
| <b>Total equity and liabilities</b> |       | <b>311,800</b>     | <b>241,199</b>     |

The accompanying notes form part of these financial statements.

On 16 April 2020 these financial statements were authorised for issuance by Mr. Perry and Mr. Tait, on behalf of the Board of Directors:



**Scott Perry**  
Chair, Audit Committee



**David Tait**  
Chief Executive Officer

## Consolidated financial statements

### Consolidated statement of comprehensive surplus

For the year ended 31 December 2019

|   | Notes | 2019<br>US\$ 000's | 2018<br>US\$ 000's |
|---|-------|--------------------|--------------------|
| <b>Revenue</b>  |       |                    |                    |
| Members' dues   |       | 3,348              | 3,067              |
| Sponsor fees  | 3     | 149,486            | 131,718            |
| Other income  |       | 2,350              | 2,210              |
| <b>Total revenue</b>  |       | <b>155,184</b>     | <b>136,995</b>     |
| <b>Expenses</b>   |       |                    |                    |
| Market development expenditure  | 14    | (92,821)           | (85,982)           |
| Personnel expenditure   | 14    | (22,588)           | (20,441)           |
| General and administrative expenditure                                      | 14    | (17,994)           | (15,441)           |
| <b>Total operational expenditure</b>  |       | <b>(133,403)</b>   | <b>(121,864)</b>   |
| <b>Results from operating activities</b>                                    |       | <b>21,781</b>      | <b>15,131</b>      |
| Interest income   |       | 173                | 117                |
| <b>Net finance income</b>   |       | <b>173</b>         | <b>117</b>         |
| Net foreign exchange transaction gains/(losses)                             |       | 569                | (7,952)            |
| Changes in fair value of financial instruments                              | 13    | 42,009             | 10,471             |
| Loss on disposal of assets  |       | (88)               | -                  |
| Gain on investments   | 21    | 7,738              | 953                |
| <b>Total other (expenditure) and income</b>                                 |       | <b>50,228</b>      | <b>3,472</b>       |
| <b>Surplus before income tax</b>  |       | <b>72,182</b>      | <b>18,720</b>      |
| Income taxes  | 15    | (7,114)            | (5,679)            |
| <b>Surplus after tax</b>  |       | <b>65,068</b>      | <b>13,041</b>      |
| <b>Other comprehensive surplus</b>  |       |                    |                    |
| <b>Items that are or may be reclassified subsequently to profit or loss</b> |       |                    |                    |
| Foreign currency translation differences - foreign operations               |       | 81                 | 3,784              |
| <b>Total other comprehensive surplus</b>                                    |       | <b>81</b>          | <b>3,784</b>       |
| <b>Total comprehensive surplus for the year</b>                             |       | <b>65,149</b>      | <b>16,825</b>      |

The accompanying notes form part of these financial statements.

**Consolidated financial statements**  
**Consolidated statement of changes in equity**  
For the year ended 31 December 2019

|   | Donation of net<br>assets<br>US\$ 000's | Translation reserve<br>US\$ 000's | Retained surplus<br>US\$ 000's | Total<br>equity<br>US\$ 000's |
|---|---|-----------------------------------|--------------------------------|-------------------------------|
| <b>At 1 January 2018</b>                                      | <b>152</b>                              | <b>(58,599)</b>                   | <b>257,751</b>                 | <b>199,304</b>                |
| Surplus for the year – 2018                                   | -                                       | -                                 | 13,041                         | 13,041                        |
| Exchange gain on translation of<br>overseas operations – 2018 | -                                       | 3,784                             | -                              | 3,784                         |
| <b>Comprehensive surplus – 2018</b>                           | <b>-</b>                                | <b>3,784</b>                      | <b>13,041</b>                  | <b>16,825</b>                 |
| <b>At 31 December 2018</b>                                    | <b>152</b>                              | <b>(54,815)</b>                   | <b>270,792</b>                 | <b>216,129</b>                |
| Surplus for the year – 2019                                   | -                                       | -                                 | 65,068                         | 65,068                        |
| Exchange gain on translation of<br>overseas operations – 2019 | -                                       | 81                                | -                              | 81                            |
| <b>Comprehensive surplus – 2019</b>                           | <b>-</b>                                | <b>81</b>                         | <b>65,068</b>                  | <b>65,149</b>                 |
| <b>At 31 December 2019</b>                                    | <b>152</b>                              | <b>(54,734)</b>                   | <b>335,860</b>                 | <b>281,278</b>                |

The accompanying notes form part of these consolidated financial statements.

**Consolidated financial statements**  
**Consolidated statement of cash flows**  
For the year ended 31 December 2019

|   | 2019<br>US\$ 000's | 2018<br>US\$ 000's |
|---|--------------------|--------------------|
| <b>Cash flow from operating activities</b>                    |                    |                    |
| Operating surplus   | 21,781             | 15,131             |
| Depreciation/impairment on property, plant and equipment      | 5,245              | 352                |
| Decrease in provisions  | (2,976)            | (1,362)            |
| (Increase) / decrease in other assets                         | (4,822)            | 1,835              |
| Increase / (decrease) in other liabilities                    | 4,111              | (1,272)            |
| Taxes paid  | (4,046)            | (8,101)            |
| Others  | (42)               | (813)              |
| <b>Net cash inflow from operating activities</b>              | <b>19,251</b>      | <b>5,770</b>       |
| <b>Cash flow from investing activities</b>                    |                    |                    |
| Net interest and other income received                        | 173                | 117                |
| Proceeds from sale of investments                             | 419                | -                  |
| Net purchase consideration of property, plant and equipment   | (903)              | (287)              |
| Purchase of investments                                       | (9,907)            | (29,995)           |
| <b>Net cash outflow from investing activities</b>             | <b>(10,218)</b>    | <b>(30,165)</b>    |
| <b>Cash flow from financing activities</b>                    |                    |                    |
| Payment of lease liabilities                                  | (2,779)            | -                  |
| <b>Net cash outflow from financing activities</b>             | <b>(2,779)</b>     | <b>-</b>           |
| Foreign exchange gain on cash and cash equivalents            | (628)              | (880)              |
| <b>Net Increase / (decrease) in cash and cash equivalents</b> | <b>5,626</b>       | <b>(25,275)</b>    |
| Cash and cash equivalents at 1 January                        | 44,058             | 69,333             |
| <b>Cash and cash equivalents at end of year*</b>              | <b>49,684</b>      | <b>44,058</b>      |

\*This comprises bank balances and cash in hand.

The accompanying notes form part of these consolidated financial statements.



## Notes to the consolidated financial statements

For the year ended 31 December 2019

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In these accompanying notes, all financial figures are presented in US\$, unless otherwise stated.

## 1 Reporting entity

The World Gold Council, an Association, is established under Swiss law. The Company's registered office is at rue du Rhône 65, c/o Meyerlustenberger Lachenal (Genève), avocats, 1204 Genève. The location of the World Gold Council's principal place of business is London. The consolidated financial statements of the World Gold Council as at and for the year ended 31 December 2019 include the financial statements of the World Gold Council, its branches and its wholly-owned subsidiaries (see note 18) and interests in joint ventures (see note 19).

The World Gold Council is organised for the purposes of:

- Promoting the use of gold in various markets, e.g. investment.
- Collecting and disseminating information about gold.

## 2 Basis of preparation

### Statement of compliance

The World Gold Council prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis as explained on page 9.

On 16 April 2020 these financial statements were authorised for issuance by Mr. Harquail and Mr. Tait, on behalf of the Board of Directors.

### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statement of financial position:

- **Gold holdings – gold reserve**

Gold held is fair valued at current prices at the end of each financial year with the fair value adjustment going through other expenditure and income in the consolidated statement of comprehensive surplus.

- **Deferred consideration**

The consideration receivable is based on a discounted cash flow calculation using:

Contracted fixed payments of physical gold bullion at specific delivery dates;

Forecasted gold price curve based on publicly quoted gold futures curve for the next six years and an estimated gold futures curve thereafter. To calculate the gold future price curve beyond year six a six-monthly growth rate of 0.6% has been used, based on average six-monthly growth in the gold price futures curve between 2020 and 2025; and

An estimated discount factor over the period of the deferred consideration.

The London Bullion Market Association ("LBMA") Gold Price PM is used as the fair value per ounce of gold as at the valuation date.

## **2 Basis of preparation (continued)**

- **Investments – fair value through statement of comprehensive surplus**

The investments held in GLDW and GLDM are held at fair value, determined by the market price of the shares. The fair value is taken through the statement of comprehensive surplus.

With the exception of the above items, the fair value of the financial assets and liabilities in these financial statements are equivalent to their carrying amount.

### **Functional and presentation currency**

These financial statements are presented in the functional currency of the World Gold Council, an Association which is United States Dollars ("US\$") as a substantial portion of the World Gold Council's revenue and expenditure incurred is denominated in US\$.

The functional currency for each entity in the Group is determined with reference to the currency of the primary economic environment in which it operates.

### **Critical accounting judgements required and key sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements and estimates are based on the Directors' best knowledge of the relevant facts and circumstances, having regard to previous experience and actual results may differ from these estimations.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on amounts recognised is included in the accounting policies and/or the notes to the financial statements.

An area of judgement that has a significant effect on the amounts recognised in the financial statements is the fair value of the deferred consideration receivable in gold – note 13.

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The resolution of issues is not always within the control of the Group and it is often dependent on the efficacy of the legal processes in the relevant tax jurisdictions in which the Group operates.

The Group recognises liabilities for anticipated uncertain tax positions based on best informed estimates of whether additional income taxes will be due. Provisions held in respect of tax risks are included within current tax liabilities. Significant management judgement is exercised in arriving at the amounts to be provided.

## 2 Basis of preparation (continued)

### Changes in accounting policies

The Group initially applied IFRS 16 *Leases* from 1 January 2019, using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the change in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

#### a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

#### b) As a lessee

As a lessee, the Group leases many assets including property and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non lease components as a single lease component.

Previously the Group classified property leases as operating leases under IAS 17. On transition for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019 (see note 16). Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all its leases.

The Group has tested its right-of-use assets for impairment on the date of transition and during the year and has concluded that the right of use assets relating to 510 Madison Avenue and 10 Old Bailey should be impaired at 31 December 2019.

## 2 Basis of preparation (continued)

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular the Group:

- Did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for lease of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

### c) As a lessor

The Group sub-leases some of its properties. Under IAS 17 the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16 the Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16.

### d) Impact on financial statements

On transition to IFRS 16, the Group recognised additional right-of-use assets, including investment property, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

|   | 1 January 2019<br>\$ 000's<br>Debtor/(Creditor) |
|---|---|
| Right-of-use-assets – property, plant and equipment | 6,950   |
| Prepaid expense                                     | (301)   |
| Lease liabilities                                   | (7,033)   |
| Provision   | 384   |

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 3.2%

|  | 2018<br>\$ 000's |
|--|------------------|
| Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's consolidated financial statements | 8,026            |
| Discounted using the incremental borrowing rate at 1 January 2019  | 7,102            |
| - Recognition exemption for leases of low-value assets   | (28)             |
| - Recognition exemption for leases with less than 12 months of lease term at transition                                    | (41)             |
| Lease liabilities recognised at 1 January 2019   | 7,033            |

## **2 Basis of preparation (continued)**

### **IFRIC 23**

During the year, the Group adopted IFRIC 23 *Uncertainty over Income Tax Treatments*, which became effective on 1 January 2019. The accounting for tax has not been impacted by the adoption of the new standard.

### **New standards and interpretations**

A number of new standards are effective for annual periods beginning on or after 1 January 2020, although earlier application is permitted. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements and they are not expected to have a significant impact on the Group's consolidated financial statements.

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business (Amendments to IFRS 3)*.
- *Definition of Material (Amendments to IAS 1 and IAS 8)*.
- *IFRS 17 Insurance Contracts*.

## **3 Significant accounting policies**

### **Basis of consolidation**

- **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

- **Foreign currency transactions**

The individual financial statements of each group entity are recorded in the currency of the primary economic environment in which it operates (i.e. its functional currency). Foreign currency transactions in the World Gold Council's entities are accounted for at the average year to date exchange rates at that time. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive surplus. The resulting balances are translated at year-end exchange rates. Non-monetary items that are measured in terms of historic cost in a foreign currency are not retranslated.

### **3 Significant accounting policies (continued)**

- **Foreign operations**

The assets and liabilities of foreign operations and fair value adjustments arising on acquisition which are reported in these consolidated financial statements, are translated to US\$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated into US\$ at the average exchange rates for the year. Foreign currency differences are recognised in other comprehensive surplus and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified in the statement of comprehensive surplus as part of the gain or loss on disposal.

When the World Gold Council disposes of part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the World Gold Council disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified as surplus or deficit.

#### **Financial instruments**

- **Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, cash balances and deposits with maturities of less than three months.

- **Trade and other receivables**

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses.

- **Trade and other payables**

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

With the exception of the above items, the fair value of the financial assets and liabilities in these financial statements are equivalent to their carrying amount.

### **3 Significant accounting policies (continued)**

#### **Property, plant and equipment**

- **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

- **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in the consolidated statement of comprehensive surplus on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the World Gold Council will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

|                        |                              |
|------------------------|------------------------------|
| Leasehold Improvements | Over the period of the lease |
| Furniture and Fittings | 5 to 7 years                 |
| Property and Equipment | 3 to 5 years                 |
| Computer Equipment     | 3 years                      |
| Motor Vehicles         | 3 years                      |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **Intangible assets**

Capitalised technology, computer software and development are stated at cost, net of amortisation and any provision for impairment. Amortisation is charged so as to write - off the cost of the assets to their estimated residual value by equal instalments over their expected useful lives up to a maximum of three years.

#### **Investments**

These securities held by the Company are stated at fair value, with any resultant gain or loss being recognised in the statement of comprehensive surplus.

#### **Deferred consideration in gold**

On the basis that the value of the consideration is dependent on the market price of gold, it is considered that the deferred consideration is akin to a financial instrument.

Deferred consideration in gold receivable in connection with the sale of the Gold Bullion Holdings (Jersey) Limited subsidiary entities in 2008 is measured at fair value. Movements in the fair value of the deferred consideration are recognised in the consolidated statement of comprehensive surplus.

#### **Gold holdings**

Within the financial statements, gold holdings are broken down into gold reserve and other gold.



### **3 Significant accounting policies (continued)**

- **Gold reserve**

ICE Benchmark Administration Limited ("IBA") an independent specialist benchmark administrator provides the auction platform and methodology as well as the overall independent administration and governance for the LBMA Gold Price. If no LBMA Gold Price is made on a particular evaluation day or if the LBMA Gold Price has not been announced by 12:00 PM New York time on a particular evaluation day, the next most recent LBMA Gold Price PM is used.

Management of the World Gold Council believes that the use of fair value is the most appropriate valuation approach to take in relation to gold reserve.

- **Other gold**

Other gold comprises holdings of gold in physical bars, coins or jewellery. This asset is considered to be a non-current asset due to the long-term promotional nature and use of the asset.

#### **Impairment**

- **Non-derivative financial assets**

A financial asset not carried at fair value through the statement of comprehensive surplus is assessed at each reporting date, to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

- **Loans and receivables**

An impairment loss in respect of a financial asset measured at amortised cost is calculated, and the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in the consolidated statement of comprehensive deficit, being reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in the impairment loss is reversed through the consolidated statement of comprehensive surplus.

### **3 Significant accounting policies (continued)**

#### **Employee benefits**

- **Post-employment medical benefits**

The World Gold Council's obligation in respect of post-employment medical benefit premiums for Geneva retirees is calculated using the projected unit method.

The actuarial method employed for the valuing of this liability projects forward the known current year premiums allowing for future premium growth and the anticipated mortality of the retirees using agreed upon rates for inflation and discount. The resulting cash flows are then discounted back to the measurement date using the discount rate to derive the total liability that is recorded in these financial statements.

The discount rate that has been applied to this valuation is that of the Swiss SBI AA Rated over 10 year corporate bond index. This index is used as all the retirees are Geneva based and the medical premiums are Swiss denominated. For further information see note 12.

- **Other long term benefits**

The World Gold Council's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years at present value.

#### **Provisions**

A provision is recognised if, as a result of a past event, the World Gold Council has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows where the effect is material at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### **Revenue**

- **Members' dues**

Members' dues are assessed and recognised quarterly on an accruals basis. These revenues are recorded at their net collectible amounts.

### **3 Significant accounting policies (continued)**

- **Sponsor fees**

This represents the fees payable to the World Gold Council's subsidiaries, World Gold Trust Services, LLC, ("WGTS") by the SPDR® Gold Trust, and WGC USA Asset Management Company LLC ("WAM"), by the SPDR® Long Dollar Gold Trust and SPDR® Gold Minishares. These fees are recognised on an accruals basis in accordance with the terms of the Trust Indentures governing the administration of the Trusts. These revenues are recorded at their collectible amounts.

The SPDR® Gold Trust's only recurring expense is the Sponsor's fee paid to WGTS, which accrues daily at an annual rate equal to 0.40% of the daily Net Asset Value, in exchange for the Sponsor, WGTS, assuming the responsibility to pay all ordinary fees and expenses of the Trust. Further information on WGTS's duties in respect of the Trust can be found in note 20 to these consolidated financial statements.

The SPDR® Long Dollar Gold Trust's only recurring expense was the Sponsor's fee paid to WAM, which accrues daily at an annual rate equal to 0.33% of the daily Net Asset Value, in exchange for the Sponsor, WAM, assuming the responsibility to pay all ordinary fees and expenses of the Trust.

The SPDR® Minishares' only recurring expense is the Sponsor's fee paid to WAM, which accrues daily at an annual rate equal to 0.18% of the daily Net Asset Value, in exchange for the Sponsor, WAM, assuming the responsibility to pay all ordinary fees and expenses of the Trust. Further information on WAM's duties in respect of the Trust can be found in note 20 to these consolidated financial statements.

- **Other income**

This primarily represents royalty fees recognised on an accruals basis in accordance with the substance of the underlying agreement relating to GBS / ETFC products.

#### **Market development expenditure**

Market development expenditure comprises all project related costs including marketing, promotions, PR campaigns, advertisement and publications.

### **3 Significant accounting policies (continued)**

#### **Income tax**

The World Gold Council provides for income taxes on the basis of taxable earnings for the year. The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year and imputed return on annual expenditure.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws relevant to the various jurisdictions in which the World Gold Council operates.

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the consolidated statement of comprehensive surplus.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced by the value that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the statement of financial position date. Income and expenditure are translated at the average exchange rates for the year. Exchange differences arising if any are recognised in other comprehensive surplus and accumulated in reserves.

#### **Leases**

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

#### **Policy applicable from 1 January 2019**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

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

##### **a) As a lessee**

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

### 3 Significant accounting policies (continued)

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an option renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.
- The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying value of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in "lease liabilities" in the statement of financial position.

#### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **3 Significant accounting policies (continued)**

#### **b) As a lessor**

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

### **4 Activities**

The World Gold Council's activities in the year under review are all aligned with the overall strategy of "Making gold mainstream". Work was undertaken in the following areas: Global Standards and Policy; Global Data and Insight; Market Infrastructure; New Investors; and Protect Established Positions. These activities were carried out in Europe, the Far East, India and the USA.

## **5 Financial risk management**

Risk management is carried out by the World Gold Council and management gives consideration to capital, currency, credit, market, interest rate and liquidity risks. Capital is regarded as the retained reserves.

The World Gold Council operates a balanced budget methodology, planning for programme related costs not to exceed revenue received.

The Group's policy is to ensure that its net exposure to expenditure denominated in foreign currencies is kept to an acceptable level through appropriate treasury management.

The deferred consideration in gold and gold received in lieu of cash pertaining to the sale of the GBS entities in 2008 was classified having regard to IFRS 9 ('Financial instruments'). Management believe that there is some credit risk in respect of the deferred consideration and their view of this risk is reflected in the discount rate used in the valuation of the receivable. The value of the deferred consideration will vary directly in line with changes in the gold price, the discount factor used and the gold yield curve.

Management believe that the World Gold Council's exposure to interest rate risks is limited.

## 6 Property, plant and equipment

|   | Leasehold<br>improvements<br>\$000's | Furniture<br>and fittings<br>\$000's | Property and<br>equipment<br>\$000's | Computer<br>equipment<br>\$000's | Motor<br>vehicles<br>\$000's | Total<br>\$000's |
|---|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|------------------------------|------------------|
| <b>Cost</b>   |                                      |                                      |                                      |                                  |                              |                  |
| 1 January 2018  | 843                                  | 645                                  | 109                                  | 778                              | 56                           | 2,431            |
| Additions   | 28                                   | 6                                    | 20                                   | 227                              | 6                            | 287              |
| Disposals   | -                                    | -                                    | (1)                                  | (10)                             | -                            | (11)             |
| Movement in exchange rates  | (43)                                 | (8)                                  | -                                    | 31                               | (11)                         | (31)             |
| <b>31 December 2018</b>   | <b>828</b>                           | <b>643</b>                           | <b>128</b>                           | <b>1,026</b>                     | <b>51</b>                    | <b>2,676</b>     |
| <b>Balance at 1 January 2019</b>  | <b>828</b>                           | <b>643</b>                           | <b>128</b>                           | <b>1,026</b>                     | <b>51</b>                    | <b>2,676</b>     |
| Recognition of right-of-use-asset on initial application of IFRS 16               | -                                    | -                                    | 7,334                                | -                                | -                            | 7,334            |
| <b>Adjusted balance at 1 January 2019</b>   | <b>828</b>                           | <b>643</b>                           | <b>7,462</b>                         | <b>1,026</b>                     | <b>51</b>                    | <b>10,010</b>    |
| Additions   | 478                                  | 119                                  | 1,434                                | 306                              | -                            | 2,337            |
| Disposals   | (397)                                | (96)                                 | -                                    | (126)                            | -                            | (619)            |
| Movement in exchange rates  | (2)                                  | -                                    | (378)                                | (66)                             | (1)                          | (447)            |
| <b>31 December 2019</b>   | <b>907</b>                           | <b>666</b>                           | <b>8,518</b>                         | <b>1,140</b>                     | <b>50</b>                    | <b>11,281</b>    |
| <b>Accumulated depreciation and impairment losses</b>                             |                                      |                                      |                                      |                                  |                              |                  |
| 1 January 2018  | 510                                  | 178                                  | 45                                   | 640                              | 5                            | 1,378            |
| Depreciation for the year   | 139                                  | 84                                   | 24                                   | 95                               | 10                           | 352              |
| Disposals   | -                                    | -                                    | (1)                                  | (10)                             | -                            | (11)             |
| Movement in exchange rates  | (34)                                 | (4)                                  | -                                    | (20)                             | -                            | (58)             |
| <b>31 December 2018</b>   | <b>615</b>                           | <b>258</b>                           | <b>68</b>                            | <b>705</b>                       | <b>15</b>                    | <b>1,661</b>     |
| Recognition of impairment of right-of-use-asset on initial application of IFRS 16 | -                                    | -                                    | 384                                  | -                                | -                            | 384              |
| <b>Adjusted balance at 1 January 2019</b>   | <b>615</b>                           | <b>258</b>                           | <b>452</b>                           | <b>705</b>                       | <b>15</b>                    | <b>2,045</b>     |
| Depreciation for the year   | 110                                  | 86                                   | 2,717                                | 154                              | 10                           | 3,077            |
| Impairment  | -                                    | -                                    | 2,168                                | -                                | -                            | 2,168            |
| Disposals   | (346)                                | (61)                                 | -                                    | (88)                             | -                            | (495)            |
| Movement in exchange rates  | (2)                                  | -                                    | (377)                                | (108)                            | -                            | (487)            |
| <b>31 December 2019</b>   | <b>377</b>                           | <b>283</b>                           | <b>4,960</b>                         | <b>663</b>                       | <b>25</b>                    | <b>6,308</b>     |
| <b>Carrying amounts</b>   |                                      |                                      |                                      |                                  |                              |                  |
| At 1 January 2018   | 333                                  | 467                                  | 64                                   | 138                              | 51                           | 1,053            |
| At 31 December 2018   | 213                                  | 385                                  | 60                                   | 321                              | 36                           | 1,015            |
| <b>At 31 December 2019</b>  | <b>530</b>                           | <b>383</b>                           | <b>3,558</b>                         | <b>477</b>                       | <b>25</b>                    | <b>4,973</b>     |

At 31 December 2019, property, plant and equipment includes right-of-use assets as follows:

|                            | Leasehold<br>improvements<br>\$000's | Furniture<br>and fittings<br>\$000's | Property and<br>equipment<br>\$000's | Computer<br>equipment<br>\$000's | Motor<br>vehicles<br>\$000's | Total<br>\$000's |
|----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|------------------------------|------------------|
| <b>Right-of-use assets</b> |                                      |                                      |                                      |                                  |                              |                  |
| <b>31 December 2019</b>    | -                                    | -                                    | 3,499                                | -                                | -                            | 3,499            |



## 7. Intangible assets

|   | Technology<br>\$ 000's | Computer<br>software and<br>development<br>\$ 000's | Total<br>\$'000's |
|---|------------------------|---|-------------------|
| <b>Cost</b>                                   |                        |   |                   |
| 1 January 2018                                | 3,667                  | 1,019   | 4,686             |
| Additions                                     | -                      | -   | -                 |
| <b>31 December 2018</b>                       | <b>3,667</b>           | <b>1,019</b>  | <b>4,686</b>      |
| Additions                                     | -                      | -   | -                 |
| <b>31 December 2019</b>                       | <b>3,667</b>           | <b>1,019</b>  | <b>4,686</b>      |
| <b>Cumulated amortisation and realisation</b> |                        |   |                   |
| 1 January 2018                                | 3,667                  | 1,017   | 4,684             |
| <b>31 December 2018</b>                       | <b>3,667</b>           | <b>1,017</b>  | <b>4,684</b>      |
| Amortisation                                  | -                      | -   | -                 |
| <b>31 December 2019</b>                       | <b>3,667</b>           | <b>1,017</b>  | <b>4,684</b>      |
| <b>Carrying amounts</b>                       |                        |   |                   |
| At 1 January 2018                             | -                      | 2   | 2                 |
| At 31 December 2018                           | -                      | 2   | 2                 |
| <b>At 31 December 2019</b>                    |                        | <b>2</b>  | <b>2</b>          |

## 8. Gold holdings

This is made up of gold reserves which arise from the receipt of the deferred consideration, royalties settled in gold, and other gold which comprise bars and coins.

|                             | 2019<br>\$ 000's | 2018<br>\$ 000's |
|-----------------------------|------------------|------------------|
| <b>Non-current</b>          |                  |                  |
| Other gold – cost           | 438              | 72               |
| <b>At 31 December</b>       | <b>438</b>       | <b>72</b>        |
| <b>Current</b>              |                  |                  |
| Gold reserve – market value | 86,743           | 64,486           |
| <b>At 31 December</b>       | <b>86,743</b>    | <b>64,486</b>    |

## 8 Gold holdings (continued)

The movement in the value of the gold reserve is a factor of the gold received of \$9.0 million (2018: \$9.0 million), and a fair value gain of \$13.0 million (2018: loss of \$0.5 million).

Other gold market value at 31 December 2019 was \$ 0.4 million (2018: \$ 0.1 million).

The gold reserve represents a level 1 fair value measurement as this is derived from quoted gold prices.

Amounts received in respect of the deferred consideration and licence fees were 6,567 ounces (2018: 6,567 ounces) and 26 ounces (2018: 579 ounces) respectively. As at 31 December 2019, 56,908 oz (2018: 50,315 oz) of gold was held in reserves.

### Sensitivity to movement in Gold Price – gold reserve

For every \$10 movement in the gold price, the World Gold Council is subject to \$569,000 (2018: \$503,000) fluctuation in the value of its gold reserve holdings.

## 9 Other non-current assets

|                                       | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---------------------------------------|------------------|------------------|
| Other non-current assets              |                  |                  |
| Lease and utility deposits            | 139              | 167              |
| Other non-current assets              | 1,005            | 201              |
| <b>Total other non-current assets</b> | <b>1,144</b>     | <b>368</b>       |

## 10 Other current assets

|                                   | 2019<br>\$ 000's | 2018<br>\$ 000's |
|-----------------------------------|------------------|------------------|
| Other current assets              |                  |                  |
| Dues receivable from members      | 1,540            | 255              |
| Receivable from SPDR              | 14,473           | 10,549           |
| Trade partner receivables         | 246              | 224              |
| VAT receivable                    | -                | 980              |
| Other current assets              | 193              | 554              |
| <b>Total other current assets</b> | <b>16,452</b>    | <b>12,562</b>    |

## 11 Creditors and accrued expenses

|   | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---|------------------|------------------|
| Creditors                                   | 1,211            | 1,431            |
| Accrued expenses                            | 19,846           | 15,383           |
| Other taxes payable                         | 131              | 100              |
| Other payables                              | -                | 103              |
| <b>Total creditors and accrued expenses</b> | <b>21,188</b>    | <b>17,077</b>    |

## 12 Provisions

|                                    | Post<br>employment<br>medical benefits<br>\$000's | Other<br>\$000's | Total<br>\$000's |
|------------------------------------|---|------------------|------------------|
| <b>Balance at 1 January 2018</b>   | <b>1,601</b>                                      | <b>5,010</b>     | <b>6,611</b>     |
| Increase in provisions             | -   | 1,125            | 1,125            |
| Amounts utilised                   | (45)  | (1,885)          | (1,930)          |
| Actuarial movements                | (687)   | 130              | (557)            |
| <b>Balance at 1 January 2019</b>   | <b>869</b>  | <b>4,380</b>     | <b>5,249</b>     |
| Adjustment for IFRS 16             | -   | (384)            | (384)            |
| <b>Balance at 1 January 2019</b>   | <b>869</b>  | <b>3,996</b>     | <b>4,865</b>     |
| Decrease in provisions             | -   | (93)             | (93)             |
| Amounts utilised                   | (26)  | (2,473)          | (2,499)          |
| <b>Balance at 31 December 2019</b> | <b>843</b>  | <b>1,430</b>     | <b>2,273</b>     |

### Analysis between non-current and current liabilities

|   | Post<br>employment<br>medical benefits<br>\$000's | Other<br>\$000's | Total<br>\$000's |
|---|---|------------------|------------------|
| Current liabilities                         | -   | 2,533            | 2,533            |
| Non-current liabilities                     | 869   | 1,463            | 2,332            |
| <b>Balance at 1 January 2019 (adjusted)</b> | <b>869</b>  | <b>3,996</b>     | <b>4,865</b>     |
| Current liabilities                         | -   | 390              | 390              |
| Non-current liabilities                     | 843   | 1,040            | 1,883            |
| <b>Balance at 31 December 2019</b>          | <b>843</b>  | <b>1,430</b>     | <b>2,273</b>     |

### Post- employment medical benefits

There are currently 7 (2018: 7) Geneva retirees. Each year the World Gold Council pays a maximum of 50% of total medical insurance premiums for the retirees.

In 2018, the World Gold Council obtained a third party actuarial valuation of its liability in this respect, which brings into account inflation, discount rates and longevity assumptions.

There are no assets in the Scheme. Benefits are met out of future company cash flow.

The provision for retiree benefits (present value of scheme benefits) decreased by an overall \$26,000 during the year (2018: \$732,000 decrease).

The principal assumptions around the 2019 valuation are inflation of 5% (2018:5%) and the use of a liability discount rate of 0.37% (2018:0.37%).

## 12 Provisions (continued)

| Amounts recognised in the balance sheet | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---|------------------|------------------|
| Present value of scheme liabilities     | (843)            | (869)            |
| Related deferred tax asset              | 143              | 148              |
| <b>Net liability</b>                    | <b>(700)</b>     | <b>(721)</b>     |

The World Gold Council expects to contribute \$45,000 (2018: \$45,000) to the scheme for the year ending 31 December 2020.

### Other provisions

Other provisions include retention bonuses that will be paid in 2020 and 2021.

## 13 Deferred consideration

### Deferred consideration overview

During 2004 the World Gold Council invested \$74,817 in exchange for 39% of Gold Bullion Holdings (Jersey) Limited ("GBH") which, in turn, owned 100% of Gold Bullion Securities Limited ("GBSJ"). Both companies are registered in Jersey, Channel Islands. GBH acquired 100% of Gold Bullion Securities Limited ("GBSA"), a company registered in Australia, on 1 January 2005. Both GBSJ and GBSA were set up in order to issue gold-backed securities, which are listed on the London and Australian Stock Exchanges respectively.

On 11 July 2008, the World Gold Council acquired the 28% of GBH owned by Gold Bullion Investment Trust ("GBIT") for deferred cash consideration of \$10.0 million making GBH a 67% subsidiary of the WGC. The remaining 33% interest in GBH was owned by ETFS Limited ("ETFS"). The \$10.0 million was meant to be payable in instalments through to December 2019, but in 2017 the outstanding balance of \$3.0 million was settled to satisfy the full consideration. The investment was accounted for at its fair value at the time of purchase of \$8.8 million. The 28% shareholding is in a class of shares which only entitles the holders to 5% of the economic interest in GBH.

On 18 July 2008 GBH completed the sale ("the Disposal") of its subsidiaries, GBSJ and GBSA, to ETFS for deferred consideration in gold of 492,500 ounces payable, in equal instalments every 6 months, between 2008 and 2058 (the "Deferred Consideration").

On 18 July 2008, GBH cancelled the 33% shareholding in GBH which belonged to ETFS by transferring one third of the proceeds of the Disposal to them - 164,167 ounces payable between 2008 and 2058 – a result of this series of transactions, GBH became a 100% subsidiary of the World Gold Council and would receive deferred consideration totalling 328,333 ounces ("deferred consideration receivable").

The whole deferred consideration contract was designated at the time of the transaction akin to a financial asset measured at fair value through the statement of comprehensive surplus, accordingly movements in the fair value of the contract will be taken to the consolidated statement of comprehensive surplus over the life of the deferred consideration.

### 13 Deferred consideration (continued)

Under the 2008 Licence & Marketing Support Agreement the World Gold Council had an option to acquire a perpetuity commencing December 2057 equivalent to 547.22 oz per month. This was exercised in 2009.

In 2018 ETFSC changed its' name to ETFSC Capital ("ETFSC")

The deferred consideration represents a level 3 fair value measurement as this is derived from a combination of quoted gold prices and inputs other than quoted prices. At the end of December 2019, the number of ounces payable to Gold Bullions Holdings (Jersey) Limited by ETFSC is 252,815 ounces (2018: 259,382) after 3,283.33 ounces had been received in both March 2019 and September 2019.

On 9th November 2017 ETFSC agreed to sell its European exchange traded commodity business to WisdomTree Investments Inc, a Nasdaq listed, New York headquartered global exchange traded product provider. This deal closed on 12<sup>th</sup> April 2018.

As part of the sale WisdomTree and ETFSC signed a Gold Royalty Agreement to ensure that WisdomTree shall pay gold to ETFSC so it can fulfil its obligations to GBH under the 2011 Agreements. The World Gold Council was not a signatory to this agreement.

#### Statement of financial position

|   | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---|------------------|------------------|
| At 1 January  | 70,597           | 71,267           |
| Gold received                                       | (9,033)          | (8,240)          |
| Fair value adjustment through P&L                   | 29,003           | 10,957           |
| Foreign exchange through Other Comprehensive income | 831              | (3,387)          |
| <b>At 31 December</b>                               | <b>91,398</b>    | <b>70,597</b>    |
| Current assets                                      | 9,446            | 8,000            |
| Non-current assets                                  | 81,952           | 62,597           |
| <b>Total receivables</b>                            | <b>91,398</b>    | <b>70,597</b>    |

|   | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---|------------------|------------------|
| Fair Value Adjustment on Gold (P&L)             |                  |                  |
| Fair value adjustment on deferred consideration | 29,003           | 10,957           |
| Fair value adjustment on gold holdings          | 13,006           | (486)            |
|   | <b>42,009</b>    | <b>10,471</b>    |

#### Deferred consideration receivable

The accounting treatment adopted for the deferred consideration receivable for the GBS entities is based on a discounted cash flow projection. The present value of each instalment of the deferred consideration is valued by multiplying the number of ounces of gold receivable by a gold forward price and discounting the resulting value at an appropriate discount rate that reflects the current market assessments of the time value of money and the risks specific to the deferred consideration. The value of the Deferred Consideration will vary in line with changes in gold spot and forward prices along with the discount factor used.

### 13 Deferred consideration (continued)

The gold forward price for the next 10 years is an observable input into the valuation of deferred consideration, based on market data. Thereafter, no observable market data in respect to gold forward prices is available, consistent with the lack of liquidity in the market for gold beyond 10 years. At 31 December 2019, the present value of deferred consideration receivable within the next 10 years is \$61.7 million (2018: \$48.8 million) representing 67.5% (2018: 69.1%) of the present value of total deferred consideration receivable.

Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs relating to the discount rate and the gold forward price. The valuation of Deferred Consideration is highly sensitive to changes in the current gold price and to a lesser extent gold forward prices beyond 10 years.

Sensitivity analysis has been performed in respect of the futures curve beyond year 6. The value of the deferred consideration based on the maximum and minimum six-monthly growth rate over the 6-year gold futures price curve of 0.5% and 1.1% would be \$90.1 million and \$95.1 million respectively, which highlights the limited sensitivity of the calculation. The present value of Deferred Consideration receivable recognised at 31 December 2019 of \$91.4million (2018: \$70.6 million) is considered to be a reasonable approximation of fair value.

Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from that of the current year, due to the assumptions used. Differences in assumptions used could result in a material adjustment in the carrying amount of the Deferred Consideration measured at fair value. Movements in fair value will be taken to the consolidated statement of comprehensive surplus over the life of the Deferred Consideration.

In arriving at the discount rate, management considered a range of discount rates, from 10% to 13%.

A discount rate of 13% (2018: 16.1%) has been applied, which reflects a credit risk premium for ETFSC (to estimate the associated credit risk for a remaining period of circa 40 years). At 31 December 2019 and to the date of this report, the assets of WisdomTree are more than sufficient to permit payments to be made.

The table below highlights the sensitivity of the valuation of the Deferred Consideration to changes in other significant assumptions at the reporting date.

| Sensitivity Summary (\$ millions) | 2019         | 2018         |
|-----------------------------------|--------------|--------------|
| <b>Discount rate sensitivity</b>  |              |              |
| 1% Increase                       | 6.4 decrease | 4.5 decrease |
| 1% Decrease                       | 7.4 increase | 5.2 increase |
| <b>Gold price movement</b>        |              |              |
| \$10 increase                     | 0.6 increase | 0.5 increase |
| \$10 decrease                     | 0.6 decrease | 0.5 decrease |
| 1% increase                       | 0.9 increase | 0.7 increase |
| 1% decrease                       | 0.9 decrease | 0.7 decrease |

In the event of liquidation of ETFSC the right of World Gold Council to receive payments in gold would revert to GBSJ and GBSA (i.e. GBSJ and GBSA would become liable to continue making the payments to Gold Bullion Holdings Limited).

The perpetuity is valued using the same method as the deferred consideration above.

## 14 Operating expenditure

Effective July 17, 2015, WGTS assumed the responsibility to negotiate and pay all ordinary fees and expenses of the SPDR Gold Trust which include fees and expenses of the Trustee, the fees and expenses of the Custodian for the custody of the Trust's gold bars, the fees and expenses of the Sponsor, certain taxes, the fees of the Marketing Agent, printing and mailing costs, legal and audit fees, registration fees, NYSE Arca listing fees and other marketing costs and expenses. See Note 20 - Related Party Transactions for further reference.

|   | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---|------------------|------------------|
| Marketing agent's fees                              | 58,387           | 46,470           |
| Custodian fees                                      | 10,726           | 10,022           |
| Trustee's fees                                      | 3,873            | 3,306            |
| Other GLD and GLDW expenses                         | 6,736            | 11,923           |
| <b>Total GLD and GLDW expenditure</b>               | <b>79,722</b>    | <b>71,721</b>    |
| Media and promotional expenditure                   | 5,570            | 6,635            |
| Research and consultancy costs                      | 7,529            | 7,626            |
| <b>Total other market development expenditure</b>   | <b>13,099</b>    | <b>14,261</b>    |
| <b>Total market development expenditure</b>         | <b>92,821</b>    | <b>85,982</b>    |
| Key management personnel compensation*              | 4,585            | 2,790            |
| Other personnel expenditure                         | 18,003           | 17,651           |
| <b>Total personnel expenditure</b>                  | <b>22,588</b>    | <b>20,441</b>    |
| Facility costs                                      | 8,636            | 5,386            |
| Membership governance                               | 701              | 550              |
| Professional fees                                   | 5,197            | 4,526            |
| Travel and other costs                              | 3,460            | 4,979            |
| <b>Total general and administrative expenditure</b> | <b>17,994</b>    | <b>15,441</b>    |
| <b>Total operational expenditure</b>                | <b>133,403</b>   | <b>121,864</b>   |

\* Key management personnel compensation is comprised of short-term employee benefits of \$4.6million (2018: \$2.6 million), post employment benefits of \$ Nil (2018: \$ Nil), long-term employee benefits of \$nil million (2018: \$ 0.2 million), and termination benefits of \$ Nil (2018: \$Nil).

|  | 2019<br>\$ 000's | 2018<br>\$ 000's |
|--|------------------|------------------|
| Amounts receivable by auditors and their associates in respect of: |                  |                  |
| Audit of these financial statements                                | 273              | 260              |
| Audit of financial statements of subsidiaries of the company       | 104              | 95               |
| Taxation compliance services                                       | 80               | 90               |
| <b>Total fees</b>  | <b>457</b>       | <b>445</b>       |

|                                 | 2019<br>No. | 2018<br>No. |
|---------------------------------|-------------|-------------|
| Employee numbers                |             |             |
| Number of employees at year end | 58          | 60          |

|   | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---|------------------|------------------|
| Contributions to retirement plans (all staff) |                  |                  |
| Contributions made to retirement plans        | 720              | 541              |

## 15 Taxation

|  | 2019<br>\$ 000's | 2018<br>\$ 000's |
|--|------------------|------------------|
| Analysis of tax charge                       |                  |                  |
| Current taxes on profit for year             | 7,854            | 5,255            |
| Current taxes adjustment for prior years     | (7,000)          | 498              |
| Deferred taxation on profit for year         | 1,351            | 611              |
| Deferred taxation adjustment for prior years | 4,909            | (685)            |
| <b>Taxation for the year</b>                 | <b>7,114</b>     | <b>5,679</b>     |

The World Gold Council is an Association registered in Switzerland and operating worldwide across a number of fiscal jurisdictions with varying tax legislation and rates.

The World Gold Council has a mutual status for UK Corporation Tax. As a result of this, the charge to UK Corporation Tax is levied only on its non-mutual trading income. Changes in fair value of financial instruments are not subject to tax.

### Tax reconciliation

|  | 2019<br>\$ 000's | 2018<br>\$ 000's |
|--|------------------|------------------|
| Surplus in the consolidated statement of comprehensive surplus | 72,182           | 18,720           |
| Tax charge at the standard rate of UK tax of 19% (2018: 19 %)  | 13,715           | 3,557            |
| Expenses not deductible and income not taxable                 | 564              | 1,508            |
| Other timing differences not recognised                        | 174              | 284              |
| Creation of tax losses not recognised and similar              | 182              | 76               |
| Overseas tax rates and local taxes                             | (881)            | 441              |
| Adjustments in respect of prior years                          | (6,640)          | (187)            |
| <b>Taxation for the year</b>                                   | <b>7,114</b>     | <b>5,679</b>     |

| Reconciliation of taxation – current liability                      | UK Tax<br>\$ 000's | Foreign Tax<br>\$ 000's | Total<br>\$ 000's |
|---|--------------------|-------------------------|-------------------|
| Balance at 1 January 2019   | 1,288              | 1,456                   | 2,744             |
| Charge for current year   | 2,960              | (2,106)                 | 854               |
| Exchange differences  | 36                 | -                       | 36                |
| Tax paid  | (3,115)            | (931)                   | (4,046)           |
| <b>Balance at 31 December 2019</b>                                  | <b>1,169</b>       | <b>(1,581)</b>          | <b>(412)</b>      |
| Shown as payable in consolidated statement of financial position    | 1,169              | -                       | 1,169             |
| Shown as receivable in consolidated statement of financial position | -                  | (1,581)                 | (1,581)           |
| <b>Total as above</b>   | <b>1,169</b>       | <b>(1,581)</b>          | <b>(412)</b>      |



## 15 Taxation (continued)

| Reconciliation of deferred taxation – non-current asset | Tax losses<br>\$ 000s | Other timing<br>differences<br>\$ 000s | Total<br>\$ 000's |
|---|-----------------------|--|-------------------|
| Balance at 1 January 2019                               | (4,438)               | (4,857)                                | (9,295)           |
| Charge for current year                                 | 102                   | 1,249                                  | 1,351             |
| Adjustment for prior years                              | 3,349                 | 1,560                                  | 4,909             |
| Exchange difference                                     | -                     | -                                      | -                 |
| <b>Balance at 31 December 2019</b>                      | <b>(987)</b>          | <b>(2,048)</b>                         | <b>(3,035)</b>    |

Taxable losses have been incurred by the company which are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of the losses in India since the Company may not generate sufficient taxable profits to utilise these losses in the immediate future and consequently the recoverability of the deferred tax asset is uncertain. The total deferred tax asset not recognised is approximately \$4.3m (2018: \$4.7m).

No taxes have been provided for liabilities which may arise on the distribution of unremitted earnings of subsidiaries on the basis of control.

## 16 Leases

The Group adopted IFRS 16 on 1 January 2019. The accounting policy is set out in note 3.

### a) Leases as lessee (IFRS 16)

The Group leases properties to use as offices. The leases typically run for a period of 3 to 5 years with an option to renew the lease after that date. During 2019 the Group signed one lease for 15 Fetter Lane, London. The Group leases office equipment with contract terms of up to 3 years. These leases are short term and/or leases of low value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

### i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 6).

| Property, plant and equipment              | \$ 000's     |
|--|--------------|
| Initial recognition at 1 January 2019      | 7,033        |
| Adjustment for prepaid rental              | 301          |
| Adjustment for provision for onerous lease | (384)        |
| <b>Adjusted balance at 1 January 2019</b>  | <b>6,950</b> |
| Additions to right-of-use assets           | 1,434        |
| Depreciation charge for the year           | (2,717)      |
| Impairment of right-of-use assets*         | (2,168)      |
| <b>Balance at 31 December 2019</b>         | <b>3,499</b> |

\* Impairment of the right-of-use assets during 2019 is a result of a sub-lease for a vacant property being terminated.

## 16 Leases (continued)

### ii) Lease liabilities

|                                       | 2019<br>\$ 000's |
|---------------------------------------|------------------|
| Initial recognition at 1 January 2019 | (7,033)          |
| Interest cost                         | (204)            |
| Addition                              | (1,434)          |
| Rental payment                        | 2,779            |
| <b>Balance at 31 December 2019</b>    | <b>(5,892)</b>   |

### iii) Amounts recognised in profit or loss

| Leases under IFRS 16   | 2019<br>\$ 000's |
|--|------------------|
| Interest on lease liabilities  | 204              |
| Income from sub-leasing right-of-use assets presented in 'other revenue'                         | (1,607)          |
| Expenses relating to short term leases   | 40               |
| Expenses relating to leases of low-value assets, excluding short term leases of low-value assets | 16               |

| Operating leases under IAS 17                | 2018<br>\$ 000's |
|--|------------------|
| Lease expense                                | 2,846            |
| Sub-lease income presented in 'other income' | 1,701            |

### iv) Amounts recognised in statement of cash flows

|                               | 2019<br>\$ 000's |
|-------------------------------|------------------|
| Total cash outflow for leases | 2,779            |

### b) Leases as lessor

#### Operating lease

The Group leases out 2 offices. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2019 was \$1,607,000 (2018: \$1,701,000).

The following table sets out a maturity of lease payments, showing the undiscounted lease payments to be received after the reporting date.

| Operating leases under IFRS 16 | 2019<br>\$ 000's |
|--------------------------------|------------------|
| Less than one year             | 67               |

## 17 Financial commitments and guarantees

|  | 2019<br>\$ 000's | 2018<br>\$ 000's |
|--|------------------|------------------|
| Capital commitments at the end of the financial year which are contracted but not provided for | Nil              | Nil              |

### Bank guarantees

The World Gold Council has bank guarantees totalling \$955,372 (2018: \$955,372) which it holds in the normal course of its operations and in addition holds a letter of credit totalling \$nil (2018: \$166,710) in favour of the lessor for office space in New York.

## 18 Subsidiaries, branches and representative offices

The consolidated financial statements incorporate the assets, liabilities, revenue and expenditure (other than intra-group items) of the following subsidiaries, branches and representative offices through which the World Gold Council conducts its operations.

| Subsidiaries (100% owned)                  | Location         |
|--|------------------|
| WGC (US) Holdings Inc                      | USA              |
| World Gold Trust Services, LLC             | USA              |
| WGC USA Inc                                | USA              |
| WGC USA Asset Management, LLC              | USA              |
| WGC (UK) Finance Limited (In liquidation)  | United Kingdom   |
| World Gold Council KK                      | Japan            |
| World Gold Council (Far East) Pte Limited  | Singapore        |
| WGC Financial Services SA (In liquidation) | Switzerland      |
| WGC Holdings Limited (Jersey)              | Jersey           |
| Gold Bullion Holdings (Jersey) Limited     | Jersey           |
| World Gold Council (IOM) Limited           | Isle of Man      |
| WGCH Technology Limited                    | Jersey           |
| WGC (UK) Limited                           | United Kingdom   |
| World Gold Council (India) Private Limited | India            |
| World Gold Council China Co Limited        | China – Beijing  |
| World Gold Council China Co Limited        | China – Shanghai |

| Branches and representative offices | Location             |
|-------------------------------------|----------------------|
| United Kingdom                      | London               |
| China                               | Beijing and Shanghai |
| India                               | Mumbai               |

## 19 Investment in joint ventures

In October 2013 World Gold Council, via its subsidiary WGC (UK) Limited acquired a 50% share in Metals Focus Data Limited for \$1,638 (£1,000). The business of the joint venture is the collection of data relating to the supply and demand for precious metals and licensing of data to third parties.

In March 2017, the World Gold Council via its subsidiary World Gold Council (India) Private Limited ("WGC India") with Invent Advisors Private Limited, invested in setting up a joint venture entity "Digital Gold India Private Limited" (DGIPL). WGC India contributed INR 26,800,000 (\$419,000) for its initial stake by subscribing to 2,173 equity shares in DGIPL. The business of DGIPL is to operate a digital platform under the brand name "SafeGold" to allow customers to purchase and sell gold in small amounts.

During the year 2019, WGC India has divested 1,087 equity shares for a sale consideration of INR 28,800,000 (\$419,000). This has led to profit on sale of investment amounting to INR 15,400,000 (\$224,000). The balance 1,086 equity shares are held in the accounts at the cost of INR 13,395,000 (\$209,000) (2018: \$419,000) and are now classified as an investment in associate.

In May 2017, the World Gold Council via its subsidiary World Gold Council (India) Private Limited and MMTC PAMP India Private Limited set up a not for profit institute "Precious Metals Assay and Training Institute" (PMATI). The World Gold Council contributed INR 15,000,000 as its share of share capital in March 2018. The business of PMATI is to provide training and undertake research in the field of assaying, standardisation and hallmarking. The investment is held in the accounts at cost of \$181,000 (2018: \$181,000).

| Joint ventures  | Location       |
|---|----------------|
| Metals Focus Data Limited (50% owned)   | United Kingdom |
| Digital Gold India Private Limited (17% owned – classified as an investment in associate in 2019) | India          |
| Precious Metals Assay and Training Institute (50% owned)  | India          |

## 20 Related party transactions

In accordance with IAS 24 ('Related Party Disclosures') the Directors believe that the following are related party transactions in respect of internal and external dealings that the World Gold Council may have.

### Trading transactions

Transactions between the World Gold Council, its subsidiaries and its branches, are eliminated on consolidation and are not disclosed in this note. Transactions with members of the World Gold Council are disclosed separately below.

Transactions with trading partners who are joint shareholders in investments that the World Gold Council holds are disclosed below.

| Members' Dues                           | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---|------------------|------------------|
| Top 10 Members' dues                    | 2,535            | 2,310            |
| Percentage of total Members' dues       | 76%              | 75%              |
| Amounts due from members at 31 December | 1,540            | 255              |

Total Members' dues in 2019 amounted to \$ 3.348 million (2018: \$ 3.067 million).

## 20 Related party transactions (continued)

### Other transactions

| Other transactions        | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---------------------------|------------------|------------------|
| Franco Nevada Corporation | -                | 249              |

In 2018 the Association made a payment of \$249k to Franco Nevada Corporation to reimburse costs paid to a third party recruitment firm related to the Association's succession planning. There were no balances outstanding at either year end.

### Transactions with joint ventures

Transactions with Metals Focus Data Limited ("MFD") included expenses recorded of \$1,312,000 (2018: \$1,056,000). At 31 December 2019 \$ Nil (2018: \$ Nil) was owed to MFD.

### Other significant trading parties

The following parties are significant for the underlying operations of the World Gold Council. The World Gold Council does not exert influence over these parties, but due to the nature, significance and timeframe of the relationship the transactions are detailed below.

| Trading transactions with ETF Capital              | 2019<br>\$ 000's | 2018<br>\$ 000's |
|--|------------------|------------------|
| Participation fee from ETFC                        | 54               | 570              |
| Participation fee receivable from ETFC at year end | -                | 2                |
| Semi-annual capital gold received                  | 9,033            | 8,288            |

The above represents transactions with ETFC in 2019. ETFC was the third party that the subsidiaries of Gold Bullion Holdings (Jersey) Limited were sold to in 2008. Gold Bullion Holdings (Jersey) Limited currently receives gold from ETFC by way of the semi-annual payment until March 2058.

ETFC has been included in the related party analysis due to the magnitude and nature of the receivable, along with the timeframe over which the gold will be received.

| Trading transactions with SPDR® Gold Trust   | 2019<br>\$ 000's | 2018<br>\$ 000's |
|--|------------------|------------------|
| Sponsor fees from the Trust                  | 147,945          | 131,481          |
| Amount receivable from the Trust at year end | 14,305           | 10,490           |

The above relates to all the transactions undertaken with the SPDR® Gold Trust by the World Gold Council's US based subsidiary World Gold Trust Services LLC ("WGTS").

WGTS, a company wholly owned by the ultimate parent company the World Gold Council, is the sponsor of SPDR® Gold Trust (the "Trust"), an investment trust whose shares are traded on NYSE Arca Inc. The shares of the SPDR® Gold Trust are also listed on the Singapore Exchange, the Mexican Stock Exchange (Bolsa Mexicana de Valores), the Tokyo Stock Exchange and the Stock Exchange of Hong Kong.

## 20 Related party transactions (continued)

WGTS was responsible for establishing the Trust and for the registration of the Trust's shares.

WGTS generally oversees the performance of the Trustee (The Bank of New York Mellon) and the Trust's principal service providers, but does not exercise day-to-day oversight over the Trustee or such service providers.

WGTS regularly communicates with the Trustee to monitor the overall performance of the Trust.

WGTS, with the assistance and support of the Trustee, is responsible for preparing and filing periodic reports on behalf of the Trust with the United States Securities and Exchange Commission, along with that of the Tokyo stock exchange and will provide any required certification for such reports. WGTS will designate the independent registered public accounting firm of the Trust and from time to time employs legal counsel for the Trust. WGTS maintains a public website on behalf of the Trust, which contains information about the Trust and the Trust's shares, and oversees certain shareholder services, such as prospectus fulfilment.

Fees are paid to the Sponsor as compensation for services performed under the trust indenture and for services performed in connection with maintaining the Trust's website.

Effective 17 July 2015, the Trust's only recurring expense is the Sponsor's fee paid to WGTS, which accrues daily at an annual rate equal to 0.40% of the daily NAV, in exchange for the Sponsor, WGTS, assuming the responsibility to pay all ordinary fees and expenses of the Trust which include fees and expenses of the Trustee, the fees and expenses of the Custodian for the custody of the Trust's gold bars, the fees and expenses of the Sponsor, certain taxes, the fees of the Marketing Agent, printing and mailing costs, legal and audit fees, registration fees, NYSE Arca listing fees and other marketing costs and expenses.

|  | 2019<br>\$ 000's | 2018<br>\$ 000's |
|--|------------------|------------------|
| Trading transactions with SPDR® Long Dollar Gold Trust |                  |                  |
| Sponsor fees from the Trust                            | 73               | 81               |
| Amount receivable from the Trust at year end           |                  | 8                |

The above relates to all the transactions undertaken with the SPDR® Long Dollar Gold Trust by the World Gold Council's US based subsidiary WGC USA Asset Management Company, LLC ("WAM").

The World Gold Council announced on July 15, 2019 that SPDR® Long Dollar Gold Trust (the "Fund") would be closed and liquidated based on an ongoing review of market needs and client feedback.

The final day for creations and redemptions was September 6, 2019. Trading of all shares was suspended on the NYSE Arca at the open of market on September 10, 2019, and proceeds of the liquidation were sent to shareholders on September 16, 2019.

WAM, a company wholly owned by the ultimate parent company the World Gold Council, was the sponsor of SPDR® Long Dollar Gold Trust (the "Trust"), an investment trust whose shares were traded on NYSE Arca Inc.

WAM was the Sponsor of the Trust and is the Commodity Pool Operator of the Fund.

## 20 Related party transactions (continued)

WAM regularly communicated with the Trustee to monitor the overall performance of the Trust.

WAM, with the assistance and support of the Trustee, was responsible for preparing and filing periodic reports on behalf of the Trust with the United States Securities and Exchange Commission and provided any required certification for such reports. WAM designated the independent registered public accounting firm of the Trust and from time to time employed legal counsel for the Trust. WAM maintained a public website on behalf of the Trust, which contained information about the Trust and the Trust's shares, and oversaw certain shareholder services, such as prospectus fulfilment.

WAM was responsible for establishing the Trust and for the registration of the Trust's shares. WAM generally oversaw the performance of the Trustee (The Bank of New York Mellon) and the Trust's principal service providers but did not exercise day-to-day oversight over the Trustee or such service providers.

Fees were paid to the Sponsor as compensation for services performed under the trust indenture and for services performed in connection with maintaining the Trust's website.

The Trust's only recurring expense was the Sponsor's fee paid to WAM, which accrued daily at an annual rate equal to 0.33% of the daily NAV, in exchange for the Sponsor, WAM, assuming the responsibility to pay all ordinary fees and expenses of the Trust which included fees and expenses of the Trustee, the fees and expenses of the Custodian for the custody of the Trust's gold bars, the fees and expenses of the Sponsor, certain taxes, the fees of the Marketing Agent, printing and mailing costs, legal and audit fees, registration fees, NYSE Arca listing fees and other marketing costs and expenses.

|   | 2019<br>\$ 000's | 2018<br>\$ 000's |
|---|------------------|------------------|
| Trading transactions with SPDR® Gold Minishares |                  |                  |
| Sponsor fees from the Trust                     | 1,468            | 156              |
| Amount receivable from the Trust at year end    | 168              | 51               |

The above relates to all the transactions undertaken with the SPDR® Gold Minishares by the World Gold Council's US based subsidiary WGC USA Asset Management Company, LLC ("WAM").

WAM, a company wholly owned by the ultimate parent company the World Gold Council, is the sponsor of SPDR® Gold Minishares (the "Trust"), an investment trust whose shares are traded on NYSE Arca Inc.

WAM regularly communicates with the Trustee to monitor the overall performance of the Trust. WAM, with the assistance and support of the Trustee, is responsible for preparing and filing periodic reports on behalf of the Trust with the United States Securities and Exchange Commission and will provide any required certification for such reports. WAM will designate the independent registered public accounting firm of the Trust and from time to time employs legal counsel for the Trust. WAM maintains a public website on behalf of the Trust, which contains information about the Trust and the Trust's shares, and oversees certain shareholder services, such as prospectus fulfilment.

WAM was responsible for establishing the Trust and for the registration of the Trust's shares. WAM generally oversees the performance of the Trustee (The Bank of New York Mellon) and the Trust's principal service providers, but does not exercise day-to-day oversight over the Trustee or such service providers.

## 20 Related party transactions (continued)

Fees are paid to the Sponsor as compensation for services performed under the trust indenture and for services performed in connection with maintaining the Trust's website.

The Trust's only recurring expense is the Sponsor's fee paid to WAM, which accrues daily at an annual rate equal to 0.18% of the daily NAV, in exchange for the Sponsor, WAM, assuming the responsibility to pay all ordinary fees and expenses of the Trust which include fees and expenses of the Trustee, the fees and expenses of the Custodian for the custody of the Trust's gold bars, the fees and expenses of the Sponsor, certain taxes, the fees of the Marketing Agent, printing and mailing costs, legal and audit fees, registration fees, NYSE Arca listing fees and other marketing costs and expenses.

## 20 Investments

|  | 2019<br>\$ 000's | 2018<br>\$ 000's |
|--|------------------|------------------|
| Investment in GLDW   | -                | 16,347           |
| Investment in GLDM   | 54,504           | 20,512           |
| <b>Investments (disclosed in current assets)</b>           | <b>54,504</b>    | <b>36,859</b>    |
| Other investments (disclosed in non-current assets)        | 78               | 78               |
| Investment in associates (disclosed in non-current assets) | 510              | 304              |

### Investment in GLDW

In 2017 and 2018 the World Gold Council purchased shares in the SPDR® Long Dollar Gold Trust ("GLDW"). In 2017 it purchased 20,000 shares on 1 February for \$2,370,000 and 30,000 shares on 14 July for \$3,486,000. In 2018 it purchased 20,000 shares on 1 June for \$2,481,000, 20,000 shares on 2 July for \$2,414,000, 20,000 shares on 1 August for \$2,343,000 and 20,000 shares on 31 August for \$2,319,000.

On liquidation of the trust during the year these shares were disposed of and the proceeds reinvested into shares in SPDR® Gold Minishares.

These investments are measured at fair value through profit and loss and were revalued at 31 December 2018 to \$16,347,000 based on the market value of the securities. The 130,000 shares represented 57.0% of the total shares issued in the ETF at 31 December 2018.

### Investment in GLDM

In 2018 the World Gold Council purchased shares in the SPDR® Gold Minishares ("GLDM"). It purchased 1,500,000 shares on 28 June for \$19,079,000 and 100,000 shares on 1 August for \$1,228,000.

In 2019 the World Gold Council purchased shares in the SPDR® Gold Minishares ("GLDM"). It purchased 1,300,000 on 18 September for \$19,515,000, 200,000 shares on 30 September for \$2,968,000, 200,000 shares on 28 October for \$2,981,000, 200,000 shares on 25 November for \$2,913,000 and 100,000 shares on 20 December for \$1,477,000.

These investments are measured at fair value through profit and loss and were revalued at 31 December 2019 to \$50,504,000 (2018: \$20,512,000) based on the market value of the securities. The 3,600,000 shares represent 4.8% (2018: 5.1%) of the total shares issued in the ETF at 31 December 2019.

## 20 Investments (continued)



**Gain on investments**

In 2019 the World Gold Council recognised a gain on investments in GLDM and GLDW of \$7,738,000 (2018: \$953,000).

**Other investments**

This represents the value invested in a gold technology start-up company by World Gold Council Holdings Limited. A review of the carrying value of its shareholding for the year ended 31 December 2019 has indicated that the investment book value is a good proxy for management's best estimate of the fair value of the stake held.

**Investments in Associates**

In 2017, the World Gold Council was instrumental in setting up EOS Precious Metal Limited ("EOS"), in an attempt to create an on-exchange trading platform for gold and other precious metals.

WGC UK Ltd. holds an investment in EOS, purchased for \$0.3m in 2017, and holds a 46.9% share of the capital in the company.

In 2019 the investment in "Digital Gold India Private Limited" was reclassified as an investment in associate as the World Gold Council now owns 17% of the shares (see note 19).

**21 Subsequent events**

In January 2020 Kirkland Lake Gold completed a takeover of Detour Gold Corporation.

## 22 Locations of the World Gold Council

The World Gold Council has offices in the UK, USA, India, China and Singapore.

| Location                 | Address  |
|--------------------------|--|
| London (head office)     | 15 Fetter Lane, London EC4A 1BW<br>United Kingdom<br>Tel: +44.(0)20.7826.4700<br>Fax: +44.(0)20.7826.4799  |
| Registered Swiss address | c/o Pestalozzi Lachenal Party<br>65 Rue de Rhone<br>Geneva 3<br>Switzerland<br>CH 1211   |
| New York                 | 685 Third Avenue, 27th Floor<br>New York, NY 10017, United States of America<br>Tel: +1.212.317.3800<br>Fax: +1.212.688.0410   |
| Singapore                | 9 Raffles Place, Level 57, Republic Plaza<br>Singapore 048619, Republic of Singapore<br>Tel: +65.6823.1510<br>Fax: +65.6823.1410   |
| Beijing                  | Room 556, 5/F China Life Tower<br>No. 16 Chaowai Street, Chaoyang District<br>100020 Beijing, People's Republic of China<br>Tel: +86.10.8592.5000<br>Fax: +86.10.8592.5050                   |
| Shanghai                 | Room 5B, 48 <sup>th</sup> Floor<br>1717 Nanjing Road (West)<br>Wheelock Square, Jing'an District,<br>200040 Shanghai, People's Republic of China<br>T +86.21.2226.1188<br>F +86.21.2226.1199 |
| Mumbai                   | B-6/3, 6th floor, Laxmi Towers, C-25, Bandra Kurla Complex<br>Bandra (East), Mumbai – 400051, India<br>Tel: +91.22.6157.9100<br>Fax: +91.22.6157.9199  |

### Websites

[www.gold.org](http://www.gold.org)  
[www.goldhub.org](http://www.goldhub.org)  
[www.exchangetradegold.com](http://www.exchangetradegold.com)  
[www.spdrgoldshares.com](http://www.spdrgoldshares.com)