

Avarae Global Coins plc
Incorporated and registered in the
Isle of Man
Registration Number: 4526V

Audited Report and Accounts for the
Year ended 31 March 2014



AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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AVARAE GLOBAL COINS PLC
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Company information

Directors	Diane Clarke Matthew Wood August Berting Clement Chambers Kay Cregeen (Alternate) Chris Shimmin (Alternate)
Registered Office	Ground Floor West Suite Exchange House 54-58 Athol Street Douglas Isle of Man IM1 1JD
Numismatic Advisory Panel	The Rt Honourable Sir John Wheeler J.P. DL Clement Chambers
Nominated Advisor and Broker	WH Ireland Limited 24 Martin Lane London EC4R 0DR
Auditors	Baker Tilly Isle of Man LLC PO Box 95 2a Lord Street Douglas Isle of Man IM99 1HP
Advocates	Appleby 33 Athol Street Douglas Isle of Man IM1 1LB
Registrars	Neville Registrars Limited 18 Laurel Lane Halesowen B63 3DA

Directors' Report

Introduction

We are pleased to present the annual report for the year ended 31 March 2014. During the year under review, the Company continued to manage its portfolio of rare and high quality coins.

Avarae Global Coins plc ("Avarae" or the "Company") provides access for institutional investors and individuals wanting to diversify their investment portfolios away from the traditional asset classes such as equities, property and bonds without the need to be an expert in the coin-collecting sector. The principal objective of the Company, which has not changed since its admission to AIM ("Admission") in 2006, is to achieve capital growth for its shareholders through the purchase, holding and sale of the rarest and highest quality segment of the coin-collecting sector in various countries around the world.

Investing policy

Since Admission we have built up an impressive portfolio of extremely high quality, rare coins which we intend to hold both for the long-term, i.e. 3 to 5 years, in order to achieve capital growth for our shareholders, and also the short-term, in order to take advantage of short-term trading opportunities, as the market for rare coins continues to grow. The value of each investment ranges from a few hundred pounds up to many hundreds of thousands of pounds. The most expensive coin acquired by Avarae to date is the Edward III Double Florin which was acquired for £0.4 million in 2006. The Double Florin is on display at the Fitzwilliam Museum in Cambridge.

The Board's decision on whether to acquire or dispose of a coin or coin collection is made on the recommendation of its industry expert independent Advisory Panel ("Panel") that assesses and approves all coin trading related activities. The Panel members are Sir John Wheeler and Clement Chambers, both of whom have significant expertise in the field of numismatics.

A principal objective of the Company is to achieve long-term capital growth through the appreciation in value of the coins acquired. Compound annual returns potentially achievable over the medium to long-term for the highest quality and rarest coins are expected to be around 10 per cent, which is in line with historical averages. As at the date of this report, and since its formation in 2006, the Company has no borrowings and has no present intention of securing any borrowings.

The coin-dealing sector

The market for trading coins is international in nature and significant in size. For at least the last 10 years, there has been an increasing interest in the coin sector and its prominence as an alternative investment class is illustrated by continued increases in activity around the world, where record prices have been paid for certain rare pieces. The number of interested parties in coins and coin collections appears to be continuing to grow, with auction houses reporting significant growth in the numbers of interested bidders compared to the corresponding auctions in previous years.

Activity in the rare coin market has remained positive in the year to 31 March 2014, although one needs to possess the necessary expertise in identifying which sectors are most appropriate for investment. English, Roman and Indian coins continue to show robust healthy growth, whereas the Chinese sector remains broadly flat. The numismatic industry continues to witness an influx of new buyers looking for tangible assets and fresh areas to place their money as traditional asset classes fail to deliver robust financial gains and exhibit high volatility. The majority of the funds coming into the numismatic market are targeting the higher quality coin rarities and this is adding considerable pressure on availability. A number of important coins and coin collections have come up for sale worldwide with auction houses continuing to achieve record prices, particularly for the highest quality rare pieces.

Directors' Report (continued)

Avarae's investments

Purchases

In the year to 31 March 2014, the Company acquired £0.63 million worth of coins (2013: £1.2 million), resulting in the value of the coin portfolio as at 31 March 2014 being £10.62 million (2013: £10.93 million). This reduction in purchase value is a symptom of the lack of available high quality pieces rather than any change in strategy. In line with its investment strategy, the Company has focused on the purchase of only the highest quality and rarest coins. In particular, during the year, the Company increased its exposure to English and Islamic coins.

Examples of coins acquired during the year include:

- a very rare J Edward The Black Prince, Hardi d'Or; La Rochelle Mint, half-length figure of Prince standing facing, sword in his right hand, left hand pointing, fillet of roses in hair. We believe to be a very high quality and rare piece;
- A very rare Edward III, Guyennois d'Or, La Rochelle; third type, King walking right under portico, two lions below, Mint letter R on top of right column;
- Edward VII (1901-10), Satin Finish Proof Sovereign, 1908 C, Ottawa, Canada Mint, engraved by George William De Saulles, bare head facing right. Extremely rare with an estimated mintage of only 636 pieces;
- One of the finest, if not the finest known, Queen Mary of England, 1553 excessively rare, Ship Ryal in superb condition; and
- A beautiful and rare Charles I, 1642 Triple Unite from the famous Bridgewater House sale in 1972.

Sales

The highlight for the period under review was the sale of £0.9 million of Roman gold coins sold at auction in the USA in January 2014. This generated a healthy 23 per cent, gross margin over its March 2013 carrying value of £0.7 million. The balance of revenue was made up in a large part from sales of our holding of European coins, which we felt had reached maturity.

During the year, the Company also continued its efforts to rebalance the portfolio, liquidating some of the lower value items and inferior duplicates previously acquired as part of important collections. This process is ongoing and we expect to generate several hundred thousand pounds of sales during the current financial year as a result of this exercise. We ended the period under review with less than 1,100 coins, a reduction from almost 1,200 at the beginning of the period.

English milled and hammered coins represent the largest segment of the Company's portfolio, with holdings of Islamic and Indian coins also representing significant proportions of the stock. Other sectors where Avarae holds coins of notable value includes USA and South American coins. In total, Avarae holds coins from more than 50 different regions and nationalities, demonstrating its genuine global exposure.

Avarae's current intention is to hold the vast majority of its current portfolio for the foreseeable future and only make disposals of coins or collections when the Board believes it to be in the best interests of the Company and its shareholders.

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Directors' Report (continued)

Financial results

Revenue from the sale of coins or coin collections for the year ended 31 March 2014 was £1.6 million, up on the previous year's total of £1.1 million.

As at 31 March 2014, in line with our long term policy, the Company instructed industry experts to undertake a detailed revaluation of its coin portfolio. This exercise is intended to apportion changes in the value of coins over the period of their ownership by Avarae rather than allocating profits (or losses) in the year of sale only. The Company's gross profit is calculated as the difference between the sale price of each coin less its carrying value brought forward, which will either be cost or the revalued amount. The industry experts considered the open market resale value of only those coins that had been held within the Company's portfolio for more than 12 months, i.e. only those coins acquired and held by Avarae on or before 31 March 2013 and excluded those purchased during the financial year under review, which were held at cost. In each of the years since the Company's inception, the Company has recorded a gross profit, thereby demonstrating the validity of the revaluation exercise.

The result of the extensive revaluation exercise carried out on the coins as described in the accounting policies, which the Directors believe to have been particularly conservative this year, was that the overall carrying value of the portfolio as at 31 March 2014 has decreased to £10.62 million (2013: £10.93 million). The primary factor in this reduction was that we added only £0.6 million of coins to the portfolio, whereas we sold coins with a brought forward carrying value of approximately £1.3 million. The Directors would expect coins from the portfolio to achieve appreciably higher returns if sold at auction, as demonstrated by the 23 per cent. increase in carrying value achieved on the sale of Roman gold coins in January 2014.

The result of the revaluation exercise at 31 March 2014 is that, as at that date, the Company's coin portfolio comprised of coins purchased at cost for an aggregate £8.21 million (2013: £8.59 million) and a revaluation amount of £2.41 million (net of VAT payable on sale) (2013: £2.34 million).

The effect of the revaluation, together with the profits from the coin sales, resulted in the Company recording a gross profit of £0.66 million (2013: £0.71 million). Administrative expenses during the year were £0.41 million (2013: £0.36 million). Net profit for the year of £0.25 million (2013: £0.36 million), delivered earnings per share of 0.31p (2013: 0.44p).

The Company ended the year with a net cash balance of approximately £0.2 million compared to £0.4 million reported at the end of March 2013. This was largely due to trade receivables being £1.7 million at the year end, some £1.3 million higher than at the beginning of the year. A significant proportion of this balance has been received post year end.

The Company's cash is prudently managed across a spread of accounts, thereby reducing the risks of the creditworthiness of any one financial institution. At the date of this report, the Company's cash balances stood at approximately £0.8million.

During the year, investments of £0.63 million (2013: £1.2 million) were made in coins and coin collections. At year end, the Company had net assets of £11.74 million (2013: £11.63 million) and no borrowings. Net asset value per share ("NAV") as at 31 March 2014 again increased on the prior year to 14.5 pence (2013: 14.4 pence).

Directors' Report (continued)

Dividend

Reflecting the Company's continued increase in its NAV year-on-year and the Board's cautiously optimistic outlook, the Board is pleased to recommend a full year dividend of 0.15 pence per share (2013: 0.18 pence per share), subject to shareholder approval to be sought at the Company's annual general meeting to be held on 13 October 2014. The dividend will be paid on or around 24 October 2014 to shareholders on the register on 17 October 2014.

The dividend policy adopted by the Board is intended to be progressive and a dividend is expected to be declared on an annual basis. The level of the dividend will reflect the Company's reported profits over a three year period, thereby smoothing out any years of one-off profits (or losses). The policy will be to pay out approximately 1/3 of the average net profits reported over the most recent three year period. For the year ended 31 March 2014, the level of the dividend will be approximately £0.12 million (2013: £0.15 million).

Outlook

With worldwide economies now emerging from the financial crisis of 2008, Avarae remains well positioned as an alternative asset investment. Where other alternative asset plays have suffered as a result of the downturn and the reduction in available investment capital, Avarae has continued upwards, posting ever-increasing net asset values and paying regular dividends. The Company has a strong balance sheet with a healthy cash position and no debt. The Directors, therefore, remain optimistic about the Company's future prospects.

The company has not implemented the guidelines set out in the IFRS Practice Statement *Management Commentary* in preparing the above report.

Diane Clarke
Matt Wood
Guus Berting
Clement Chambers
29 August 2014

Directors' Report (continued)

Incorporation

These are the eighth financial statements of the Company, which was incorporated on 6 February 2006 and commenced operations on that date.

Statement of Directors' responsibilities

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that financial statements prepared comply with the Companies Act 2006, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also required to prepare financial statements for the Company in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and the rules of the London Stock Exchange for companies admitted to trading on AIM.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Principal activity

The principal activity of the Company is that of achieving capital growth for its Shareholders through the purchase, holding and sale of rare and antique coins.

Results

The profit for the year ended 31 March 2014 of £253,000 (31 March 2013: £355,000) has been transferred to reserves.

Directors' Report (continued)

Directors' remuneration and interests

The Directors of the Company who served during the year and since the year end were:

Diane Clarke
Matthew Wood
August Berting
Clement Chambers
Kay Cregeen (Alternate)
Chris Schimmin (Alternate)

The remuneration of the Directors of the Company is set out in Notes 4 and 14 to the accounts. Other than Clement Chambers, who holds 30,000 Ordinary Shares, representing approximately 0.4% of the Company's issued share capital, none of the other Directors held any Ordinary Shares in the Company during the year.

Substantial shareholdings

As at 31 March 2014 and at the date of this report, the issued share capital of the Company was 80,783,334 ordinary shares of one pence each ("Ordinary Shares") and, as at the date of this report, the following shareholders held 3% or more of the Company's issued share capital:

<i>Shareholder</i>	<i>% Holding</i>
Montoya Investments Limited	29.24
Forest Nominees Limited	23.97
Nortrust Nominees Limited	9.12
HSBC Global Custody Nominee (UK) Limited	5.78
Sky Hill Limited	4.74
TD Direct Investing Nominees (Europe) Limited	4.13
Paul Dewinter	3.12
Giltspur Nominees Limited	3.03

Corporate governance

The Board is responsible for establishing the strategic direction of the Company, monitoring the Company's trading performance and approving the purchase and disposal of coins to and from its portfolio. The recommendations for such purchases and disposals are made by independent experts comprising the Numismatic Advisory Panel.

Details of the Directors' beneficial interests in Ordinary Shares are set out in the Directors' Report. The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom Rule 21 applies. The Company has, in addition, adopted a Share Dealing Code for dealings in its Ordinary Shares by Directors and senior employees.

The Directors recognise the importance of sound corporate governance. The Company intends to comply with the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies so far as is practicable and appropriate for a public company of its size and nature.

The Board comprises four directors, one based in the Isle of Man, Diane Clarke, one based in the UK, Matthew Wood, one based in The Netherlands, August Berting, and one based in Monaco, Clement Chambers. Mrs Clarke is an executive director and Messrs Wood, Berting and Chambers are all non-executive directors. The board considers each of the non-executive directors to be independent. The Company does not have a designated Chairman or Chief Executive Officer. Directors' remuneration is reported annually in the Company's annual report and accounts.

Directors' Report (continued)

Matthew Wood and August Berting make up the audit and remuneration committees, and the whole Board comprises the Risk Management Committee (“RMC”). The RMC reviews the risks applicable to the business and the actions required to reduce those risks.

The terms of reference for the Audit Committee provide that it will receive and review reports from the Company’s management and the Company’s auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Company.

The terms of reference for the Remuneration Committee provide that it will review the scale and structure of the Executive Directors’ remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the Non-Executive Directors will be set by the Board. No Director may participate in any meeting at which discussion or decision regarding his own remuneration takes place.

The major risk to the Company lies in the overall market pricing of its main asset – the portfolio of collectable coins. It is intended that this risk and attendant opportunity is passed straight to the Company’s investors, who should hold its shares in a balanced portfolio of their own. During the year ended 31 March 2014, the Board did not accentuate this risk by any form of leveraged financing. The remaining risk to the Company comprises the need to maintain adequate liquidity to meet the Company’s trading obligations and maximise opportunistic purchasing offers. The Board monitor this risk thorough its monthly financial reporting system.

The Directors do not consider that, given the size of the Board, it is appropriate at this stage to have a Nomination Committee.

The Company’s administrator, Hillberry Trust Company Limited (“Hillberry”), is responsible for maintaining the Company’s registers, other than the register of members which is maintained by the registrar, and for the Company complying with its filing requirements at the Companies Registry.

Relationship with Shareholders

The Directors seek to build a mutual understanding of objectives between the Company and its Shareholders. The Company reports formally to Shareholders in its interim and annual reports setting out details of its activities. In addition, the Company keeps Shareholders informed of events and progress during the year through the issue of press releases.

The Annual Report is sent to Shareholders at least 23 clear days before the Annual General Meeting. Directors are required to attend Annual General Meetings of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Annual General Meeting

The notice (“Notice”) of annual general meeting (“AGM”) to be held at 12:00 p.m. on 13 October 2014 at the Company’s registered office has today been sent to shareholders. Copies of this document, Notice and form of Proxy for use at the AGM are available at the Company’s registered office and on the Company’s website www.avarae.com.

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Directors Report (continued)

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of us has confirmed that we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that this information has been communicated to the auditors.

Auditors

The Company's auditors, Baker Tilly Isle of Man LLC have indicated their willingness to continue to act. A resolution to re-appoint Baker Tilly Isle of Man LLC as auditors will be proposed at the Annual General Meeting of the Company on 13 October 2014.

APPROVED BY THE BOARD OF DIRECTORS

29 August 2014

Diane Clarke

Independent Auditors' Report to the Members of Avarae Global Coins plc

We have audited the financial statements of Avarae Global Coins plc for the year ended 31 March 2014 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the Directors are responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of the Company's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

**Independent Auditors' Report to the Members of Avarae Global Coins plc
(continued)**

Emphasis of Matter - Coin Portfolio

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of the coin portfolio. The valuation in the Company's balance sheet is based on cost as modified by an upward revaluation of £0.37 million applied to coins acquired prior to 31 March 2013. The Directors believe this a reasonable estimate of market value at the year end. Realisation of this value is entirely dependent on market conditions which may vary substantially over time. Our opinion is not qualified in this respect.

Baker Tilly Isle of Man LLC

Chartered Accountants

2a Lord Street

Douglas

Isle of Man

IM99 1HP

29 August 2014

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Statement of Comprehensive Income for the year ended 31 March 2014

	<i>Note</i>	Year ended <i>31-Mar-14</i> £'000	Year ended <i>31-Mar-13</i> £'000
Revenue			
Sales	1	1,592	1,102
Cost of Sales		(1,301)	(995)
Coin revaluation	8	367	605
		-----	-----
Gross profit		658	712
		-----	-----
Administrative expenses		(406)	(359)
		-----	-----
Profit on ordinary activities before:		252	353
Finance income	5	1	2
		-----	-----
Profit on ordinary activities before tax		253	355
Tax on profit on ordinary activities	6	-	-
		-----	-----
Profit on ordinary activities after taxation		253	355
		-----	-----
Dividends		(145)	(149)
		-----	-----
Retained profit for the year		108	206
		-----	-----
Earnings per share (basic and diluted)	7	0.31p	0.44p

The notes numbered 1 to 18 form part of these financial statements.

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Statement of Financial Position as at 31 March 2014

	<i>Note</i>	<i>As at</i> <i>31-Mar-14</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-13</i> <i>£'000</i>
Assets			
Current Assets			
Coin inventory	8	10,621	10,926
Trade and other receivables	9	1,810	398
Cash at bank		171	368
		<hr/>	<hr/>
Total assets		12,602	11,692
		<hr/>	<hr/>
Liabilities and equity			
Creditors: amounts falling due within one year	10	860	58
		<hr/>	<hr/>
Total Liabilities		860	58
		<hr/>	<hr/>
Equity			
Called up equity share capital	12	808	808
Share premium		8,880	8,880
Profit and loss account		2,054	1,946
		<hr/>	<hr/>
Total Equity Shareholders' Funds		11,742	11,634
		<hr/>	<hr/>
Total Liabilities and equity		12,602	11,692
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 August 2014 and were signed on their behalf by:

Matt Wood

Diane Clarke

The notes numbered 1 to 18 form part of these financial statements.

AVARAE GLOBAL COINS PLC
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Cash Flow Statement for the year ended 31 March 2014

	Note	<i>Year ended 31-Mar-14 £'000</i>	<i>Year ended 31-Mar-13 £'000</i>
Cash flows from operating activities:			
Profit on ordinary activities for the year		253	353
Adjustments for:			
Increase/(decrease) in payables		802	(172)
(Increase) in receivables		(1,414)	(151)
Decrease/(increase) in inventory		306	(814)
Net cash flow from operations		<u>(53)</u>	<u>(784)</u>
Interest received		1	2
Net cash from investing activities		<u>1</u>	<u>2</u>
Dividends paid	18	(145)	(149)
Net cash from financing activities		<u>(145)</u>	<u>(149)</u>
Net (decrease)/increase in cash and cash equivalents		(197)	(931)
Opening cash position	13	368	1,299
Cash and cash equivalents at 31 March	13	<u>171</u>	<u>368</u>

The notes numbered 1 to 18 form part of these financial statements.

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Statement of Changes in Equity for the year ended 31 March 2014

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 31 March 2012	808	8,880	1,740	11,428
Profit for the year	-	-	355	355
Dividends paid	<u>-</u>	<u>-</u>	<u>(149)</u>	<u>(149)</u>
At 31 March 2013	808	8,880	1,946	11,634
Profit for year	-	-	253	253
Dividends paid	<u>-</u>	<u>-</u>	<u>(145)</u>	<u>(145)</u>
At 31 March 2014	<u>808</u>	<u>8,880</u>	<u>2,054</u>	<u>11,742</u>

The notes numbered 1 to 18 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2014

(1) Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (“EU”). This is the seventh year that the Company has prepared its financial statements in accordance with IFRSs, having previously prepared its financial statements in accordance with previous accounting standards. The functional currency is £-Sterling.

Adoption of new and revised International Financial Reporting Standards (“IFRS”):

In the current year, the application of the following new and revised standards and interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB became mandatory. The adoption of these new and revised standards and interpretations has not resulted in any changes to the Company’s accounting policies that would affect the amounts reported for the current or prior periods:

IFRS 1	<u>First-time Adoption of International Financial Reporting Standards</u> Amendments for government loan with a below-market rate of interest when transitioning to IFRSs Effective for periods commencing on or after 1 January 2013 Amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs) Effective for periods commencing on or after 1 January 2013
IFRS 7	<u>Financial Instruments: Disclosures</u> Amendments relating to the offsetting of assets and liabilities Effective for periods commencing on or after 1 January 2013
IFRS 10	<u>Consolidated Financial Statements</u> Effective for periods commencing on or after 1 January 2013 Amendments to transitional guidance Effective for periods commencing on or after 1 January 2013
IFRS 11	<u>Joint Arrangements</u> Effective for periods commencing on or after 1 January 2013 Amendments to transitional guidance Effective for periods commencing on or after 1 January 2013
IFRS 12	<u>Disclosure of interests in Other Entities</u> Effective for periods commencing on or after 1 January 2013 Amendments to transitional guidance Effective for periods commencing on or after 1 January 2013
IFRS 13	<u>Fair Value Measurement</u> Effective for periods commencing on or after 1 January 2013

Notes to the Financial Statements for the year ended 31 March 2014

(1) Accounting policies (continued)

IAS 1	<u>Presentation of Financial Statements</u> Amendments to revise the way other comprehensive income is presented. Effective for periods commencing on or after 1 July 2012 Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information) Effective for periods commencing on or after 1 January 2013
IAS 16	<u>Property, Plant and Equipment</u> Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment) Effective for periods commencing on or after 1 January 2013
IAS 19	<u>Employee Benefits</u> Amendments resulting from the post-employment benefits and termination benefits projects Effective for periods commencing on or after 1 January 2013
IAS 27	<u>Separate Financial Statements</u> Effective for periods commencing on or after 1 January 2013
IAS 28	<u>Investments in Associates and Joint Ventures</u> Effective for periods commencing on or after 1 January 2013
IAS 32	<u>Financial Instruments: Presentation</u> Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions) Effective for periods commencing on or after 1 January 2013
IAS 34	<u>Interim Financial Reporting</u> Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets) Effective for periods commencing on or after 1 January 2013

The following standards, amendments and interpretations have been issued but are not effective for the period commencing 1 April 2013 and have not been early adopted by the company.

IFRS 2	<u>Share based payment</u> Amendments resulting from Annual Improvements 2011-2013 Cycle Effective for periods commencing on or after 1 July 2014
IFRS 3	<u>Business Combinations</u> Amendments resulting from Annual Improvements 2010-2012 Cycle Effective for periods commencing on or after 1 July 2014 Amendments resulting from Annual Improvements 2011-2013 Cycle Effective for periods commencing on or after 1 July 2014

Notes to the Financial Statements for the year ended 31 March 2014

(1) Accounting policies (continued)

- IFRS 7 Financial Instruments: Disclosures
Additional hedge accounting disclosures
Effective for periods commencing on or after 1 January 2018
- IFRS 8 Operating Segments
Amendments resulting from Annual Improvements 2010-2012 Cycle
(aggregation of segments, reconciliation of segment assets)
Effective for periods commencing on or after 1 July 2014
- IFRS 9 Financial Instruments
Deferral of mandatory effective date and amendments to transitional disclosures
Effective for periods commencing on or after 1 January 2018
Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9
Effective for periods commencing on or after 1 January 2018
- IFRS 10 Consolidated Financial Statements
Amendments for investment entities
Effective for periods commencing on or after 1 January 2014
- IFRS 11 Joint Arrangements
Amendments regarding the accounting for acquisitions of an interest in a joint operation
Effective for periods commencing on or after 1 January 2016
- IFRS 12 Disclosure of interests in Other Entities
Amendments for investment entities
Effective for periods commencing on or after 1 January 2014
- IFRS 13 Fair Value Measurement
Amendments resulting from Annual Improvements 2011-2013 Cycle
Effective for periods commencing on or after 1 July 2014
- IFRS 14 Regulatory Deferral Accounts
Applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016
- IAS 16 Property, Plant and Equipment
Amendments resulting from Annual Improvements 2010-2012 Cycle
(proportionate restatement of accumulated depreciation revaluation)
Effective for periods commencing on or after 1 July 2014
Amendments regarding the clarification of acceptable methods of depreciation and amortisation
Effective for periods commencing on or after 1 January 2016

Notes to the Financial Statements for the year ended 31 March 2014

(1) Accounting policies (continued)

- IAS 19 Employee Benefits
Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service
Effective for periods commencing on or after 1 July 2014
- IAS 24 Related Party Disclosures
Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)
Effective for periods commencing on or after 1 July 2014
- IAS 27 Separate Financial Statements
Amendments for investment entities
Effective for periods commencing on or after 1 January 2014
- IAS 32 Financial Instruments: Presentation
Amendments relating to the offsetting of assets and liabilities
Effective for periods commencing on or after 1 January 2014
- IAS 36 Impairment of Assets
Amendments from “Recoverable Amount Disclosures for Non-Financial Assets”
Effective for periods commencing on or after 1 January 2014
- IAS 38 Intangible Assets
Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)
Effective for periods commencing on or after 1 July 2014
Amendments regarding the clarification of acceptable methods of depreciation and amortisation
Effective for periods commencing on or after 1 January 2016
- IAS 39 Financial Instruments: Recognition and Measurement
Amendments for novations of derivatives
Effective for periods commencing on or after 1 January 2014
Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the ‘own use’ scope exception.
Effective for periods commencing on or after 1 January 2018
- IAS 40 Investment Property
Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)
Effective for periods commencing on or after 1 July 2014

**Notes to the Financial Statements for the year ended 31 March 2014
(continued)**

(1) Accounting policies (Continued)

Revenue recognition

The Company's sales consist of sales of individual coins or collections of coins and are accounted for on an accruals basis. Any sales made at auction are accounted for net of any incidental auction costs incurred.

Finance income is accounted for on a received basis.

(2) Segmental information

The Company has one class of business, that of the sale of antiquarian and collectable coins. All sales have been through dealers based in the single geographic segment of the United Kingdom. Accordingly no further segmental information is presented.

(3) Profit for the period

The profit for the period is after charging the following:

	<i>Year ended</i>	<i>Year ended</i>
	<i>31-Mar-14</i>	<i>31-Mar-13</i>
	<i>£'000</i>	<i>£'000</i>
Auditors remuneration – Audit	8	8
Numismatic advisers – Noble Investments (UK) plc	175	155

(4) Staff costs

The Company had no employees during the year, and paid Directors fees as follows:

	<i>Year ended</i>	<i>Year ended</i>
	<i>31-Mar-14</i>	<i>31-Mar-13</i>
	<i>£'000</i>	<i>£'000</i>
Guus Berting	12	12
Matt Wood	14	14
Clem Chambers	13	13

The other Directors provided their services under contracts as detailed in the Related Party Transactions (note 14).

The Company provides no pension scheme and no termination benefits, and the Directors are considered to be the key management.

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

**Notes to the Financial Statements for the year ended 31 March 2014
(continued)**

(5) Finance revenue

The finance revenue consists of bank deposit interest received. There were no finance costs in the year.

(6) Taxation

The Company is resident for tax purposes in the Isle of Man.

The Company is chargeable to Isle of Man corporate income tax at the standard rate of 0%, which took effect from 6 April 2006.

	<i>Year ended</i> <i>31-Mar-14</i>	<i>Year ended</i> <i>31-Mar-13</i>
	<i>£'000</i>	<i>£'000</i>
Profit before tax	253	355
	<hr/>	<hr/>
Isle of Man tax at 0%	-	-
	<hr/>	<hr/>
Tax expense for the year	-	-
	<hr/>	<hr/>

(7) Earnings per share

The retained earnings per share (basic and diluted) for the year ended 31 March 2014 was 0.31p (2013: 0.44p). The calculation of earnings per share is based on the profit of £253,000 (2013: £355,000) for the year and the weighted average number of shares in issue being 80,783,334 (2013: 80,783,334).

(8) Coin inventory

	<i>As at</i> <i>31-Mar-14</i>
	<i>£'000</i>
Coins	
At Cost	
At 01 April 2013	8,586
Additions	628
Disposal of coins	(999)
At 31 March 2014	<hr/> 8,215 <hr/>
Revaluation	
At 01 April 2013	2,340
Revaluation for the year	367
Disposal of coins	(301)
At 31 March 2014	<hr/> 2,406 <hr/>
Net Book Values	
At 31 March 2014	<hr/> 10,621 <hr/>
At 31 March 2013	<hr/> 10,926 <hr/>

**Notes to the Financial Statements for the year ended 31 March 2014
(continued)**

(8) Coin inventory

At the year end, only those coins that had been acquired by the Company before 31 March 2013 were revalued by industry experts to their expected current market value less the VAT payable on sale. Inventory purchased during the year ended 31 March 2014 has been carried at cost. This is considered by the directors to give a fair value for the inventory. Inventory of £10,620,470 (2013: £10,926,000) is carried as 'Inventory carried at fair value less costs to sell'. The purchase cost of inventory held at 31 March 2014 was £8,214,761 (2013: £8,586,152).

IFRS 13, Fair Value Measurement, requires disclosure about fair value measurements. The coin inventory revaluation is a fair value adjustment to revalue coins to their expected current market value less VAT payable on sale. It is a level 2 fair value adjustment, as it is a valuation technique where all significant inputs are directly or indirectly observable from market data, as the revaluation is based on sales of similar coins in the market.

(9) Trade and other receivables

	<i>As at</i> <i>31-Mar-14</i>	<i>As at</i> <i>31-Mar-13</i>
	<i>£'000</i>	<i>£'000</i>
Trade debtors	1,749	368
Other debtors	47	21
Prepaid expenses	14	9
	1,810	398
Total	1,810	398

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(10) Payables

	<i>As at</i> <i>31-Mar-14</i>	<i>As at</i> <i>31-Mar-13</i>
	<i>£'000</i>	<i>£'000</i>
Trade creditors	800	-
Accrued expenses	60	58
	860	58
	860	58

All creditors are due within one year.

**Notes to the Financial Statements for the year ended 31 March 2014
(continued)**

(11) Financial instruments and risk

An explanation of the Company's financial instrument risk management objectives, policies and strategies are set out below.

Interest rate risk

The Company's exposure to interest rate risk is limited to its interest income on bank balances in the Company's functional currency of sterling. Non-current account balances receive interest at floating rates. No sensitivity analysis has been prepared as required by 'IFRS 7'.

Financial Instruments: Disclosures' as the directors consider the results of any such analysis to be insignificant.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to try to ensure, as far as possible, that it will always maintain sufficient cash and other readily realisable assets to meet operating costs.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and is primarily attributable to its trade receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<i>Carrying amount 2014</i>	<i>Carrying amount 2013</i>
	<i>£'000</i>	<i>£'000</i>
Trade and other receivables	1,810	398
Cash at bank	171	368

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Fair value estimation & hierarchy

The fair value hierarchy classifies financial instruments into the following:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the fair value that are not based on observable market data.

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

**Notes to the Financial Statements for the year ended 31 March 2014
(continued)**

(11) Financial instruments and risk (continued)

As detailed in note 8, the coin portfolio is classified as level 2 in the fair value hierarchy.

In accordance with IFRS13, Fair Value Measurement paragraph 93(d), the company has used prices from prior transactions and third-party pricing information without adjustment in arriving at the carrying value of trade and other receivables/payables, which are classified as level 3 in the fair value hierarchy.

The below table shows financial instruments recognised at fair value:

	<i>2014</i> <i>£'000</i>	<i>2013</i> <i>£'000</i>
Level 2:		
Coin Portfolio	10,621	10,926
	<hr/>	<hr/>
Level 3:		
Trade and other receivables	1,810	398
Payables	860	58
	<hr/>	<hr/>

(12) Share capital

	<i>As at</i> <i>31-Mar-14</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-13</i> <i>£'000</i>
Authorised		
200,000,000 ordinary shares of £0.01 each	2,000	2,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
80,783,334 ordinary shares of £0.01 each (2013: 80,783,334)	808	808
	<hr/>	<hr/>

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

**Notes to the Financial Statements for the year ended 31 March 2014
(continued)**

(13) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	<i>As at</i>	<i>As at</i>
	<i>31-Mar-14</i>	<i>31-Mar-13</i>
	<i>£'000</i>	<i>£'000</i>
Cash on hand and balances with banks	171	368
Short-term investments	-	-
	171	368
Cash and cash equivalents as previously reported	171	368
Effect of exchange rate changes	-	-
	171	368
Cash and cash equivalents as restated	171	368

(14) Related party transactions

Diane Clarke is a director of Hillberry Trust Company Limited (Hillberry). The Company incurred administration fees of £14,700 (2013: £10,812) from Hillberry during the year, of which, £5,000 was in respect of the annual responsibility fee, which covers the provision of resident statutory services. As at 31 March 2014, £nil (2013: £nil) was owing to Hillberry.

Matthew Wood is a director of CMS Corporate Consultants Limited (CMS). Fees for financial, corporate and accounting services of £45,222 (2013: £42,263) were paid to CMS during the period. As at 31 March 2014, £3,250 was owing to CMS (2013: £3,253).

Although not formally disclosable related party issues, the Directors believe that the following information is of use to members of the Company. During the year ended 31 March 2014, stock purchases of £0.63 million (2013: £1.2 million) have been made through AH Baldwin & Sons Limited (“Baldwin”), a subsidiary company of Noble Investments (UK) plc (“Noble”). In addition, during the year ended 31 March 2014, stock sales (net of VAT) of £1.6 million (2013: £1.1 million) were made through Baldwin. Avarae entered into an agreement with Noble on 21 April 2006 under which Avarae pays fees to Noble for, amongst other things, services related to sourcing suitable coin purchases and coin buyers for Avarae.

These fees include a performance-based element. As the Company’s numismatic adviser, Noble co-ordinated the Company’s annual revaluation exercise. As at 13 December 2010, the last date that the Company was notified by Noble, Noble had an interest in 13,000,000 Ordinary Shares, representing approximately 16.1 per cent. of the Company’s issued ordinary share capital. All purchases and sales made by Avarae, including those made through Noble and its subsidiaries, are independently assessed and approved by the Company’s Advisory Panel (“Panel”). The members of the Panel are Sir John Wheeler and Clement Chambers.

(15) Commitments under operating leases

At 31 March 2014, the Company had no commitments under operating leases (2013: £nil).

**Notes to the Financial Statements for the year ended 31 March 2014
(continued)**

(16) Capital commitments

At 31 March 2014, the Company had no capital commitments included in trade creditors (2013: £nil).

(17) Post balance sheet events

There are no post balance sheet events that the Directors believe need disclosure.

(18) Dividends

Reflecting the Company's continued increase in its NAV year-on-year and the Board's cautiously optimistic outlook, the Board is pleased to recommend a full year dividend of 0.15 pence per share (2013: 0.18 pence per share), subject to shareholder approval to be sought at the Company's annual general meeting to be held on 13 October 2014. The dividend will be paid on or around 24 October 2014 to shareholders on the register on 17 October 2014.

The dividend policy adopted by the Board is intended to be progressive and a dividend is expected to be declared on an annual basis. The level of the dividend will reflect the Company's reported profits over a three year period, thereby smoothing out any years of one-off profits (or losses). The policy will be to pay out approximately 1/3 of the average net profits reported over the most recent three year period. For the year ended 31 March 2014, the level of the dividend will be approximately £0.12 million (2013: £0.15 million) or 0.15 pence per share (2013: 0.18 pence per share).

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

Avarae Global Coins plc

(Incorporated under the Isle of Man Companies Act 2006 (as amended) with number 4526V) (the “Company”)

Notice of Annual General Meeting

Notice is hereby given that the 2014 Annual General Meeting of the Company (the “**Annual General Meeting**”) will be held at the offices of the Company, Ground Floor, West Suite, Exchange House, 54-58 Athol Street, Douglas, Isle of Man, IM1 1JD at 12.00 pm on 13 October 2014.

At the Annual General Meeting, the following ordinary business will be transacted:

The consideration and, if thought fit, passing of the following resolutions which will be proposed as ordinary resolutions:

1. **THAT** the audited accounts of the Company for the year ended 31 March 2014 and the reports of the Directors and the Auditors and any other document required to be annexed thereto be and they are hereby considered and adopted.
2. **THAT** Clement Hadrian Chambers, who, having agreed to retire but, being eligible, offers himself for re-election, be and he is hereby re-appointed as a Director of the Company.
3. **THAT** Matthew Graham Wood who, having agreed to retire but, being eligible, offers himself for re-election, be and he is hereby re-appointed as a Director of the Company.
4. **THAT** Baker Tilly Isle of Man LLC be and they are hereby re-appointed as Auditors to the Company and that the Directors be and they are hereby authorised to determine their remuneration.
5. **THAT** a dividend of 0.15p per share, outlined in the audited accounts of the Company for the year ended 31 March 2014, be and is hereby approved.

By Order of the Board
Diane J. Clarke, Director

Dated: 29 August 2014

Registered office:
Ground Floor, West Suite
Exchange House
54-58 Athol Street
Douglas,
Isle of Man, IM1 1JD

Notes

1. A member who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him or her in respect of such shares. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed which, to be valid, must be completed and delivered, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such authority) to the Company’s registered office, Ground Floor, West Suite, Exchange House, 54-58 Athol Street, Douglas, Isle of Man, IM1 1JD so as to arrive not later than 12.00 pm on 11 October 2014.
3. Completion and return of a Form of Proxy does not preclude a member from attending and voting in person should they wish to do so.

AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

4. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2006 (Isle of Man), specifies that only those members registered in the register of members as at 12.00 pm on 11 October 2014 (or in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the Ordinary Shares registered in their name at that time. Changes to entries on the register of members after 5.00 pm on 10 October 2014 (or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.