

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 2015



AVARAE GLOBAL COINS PLC
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

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Company information

Directors	Diane Clarke Matthew Wood August Berting Clement Chambers Kay Cregeen (Alternate)(Resigned 14 Aug 2015) 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 2015. 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 achieved over the medium to long-term for the highest quality and rarest coins can reach as high as 10 per cent. 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.

As a result, activity in the rare coin market has remained positive in the year to 31 March 2015. However, in-depth knowledge of the market remains key to prosper given the changing dynamics of the market. 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, such as commodities and currencies, 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 2015, the Company acquired an additional £0.32 million worth of coins (2014: £0.63 million) which, together with the year-end revaluation exercise, resulted in the value of the coin portfolio as at 31 March 2015 increasing by £0.52 million to £11.14 million (2014: £10.62 million). 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 British coins.

Examples of coins acquired during the year include:

- **Henry VII (1485-1509)**, Fine Gold Sovereign of Twenty Shillings, Group IV (c.1502-1504), crowned full robed figure of the King seated facing on ornate throne with high canopy, holding orb and sceptre. Very rare.
- **Edward VI (1547-1553)**, Fine Gold Sovereign of Thirty Shillings, Third Period (15 December 1550 to 6 July 1553), Southwark mint, crowned full figure of King seated facing on ornate throne, holding orb and sceptre, portcullis below extending to rim, ornate throne back with large pillars. An extremely rare coin, as fewer than ten known to be held in private hands.
- **James I (1603-1625)**, Rose Ryal of Thirty Shillings, third coinage (1619-25), seated facing full figure of robed King with orb and sceptre, on throne with plain throne back and decorated background, portcullis below. Very rare.
- **Charles I (1625-1649)**, Unite of Twenty Shillings, Tower Mint under Parliament, group G, seventh crowned bust left, value in field behind. A superb coin, the finest known of this the final mark of the reign and of the highest rarity, as it is thought to be one of less than five available to collectors.

Sales

The highlight for the period under review was the sale of £0.5 million of English gold coins. These sales represented a 39 per cent margin over the carrying value of these coins as at the 31 March 2014.

During the year, the Company also continued its efforts to rebalance its portfolio, liquidating a significant number of the lower value items and less high quality duplicates previously acquired as part of important collections. The Company ended the period under review with approximately 1,000 coins, a reduction from almost 1,100 at the beginning of the period. This process is ongoing and the Company expects to generate several hundred thousand pounds of sales during the current financial year as a result of this exercise. Indeed, since the year end, the coin portfolio has been reduced by a further 150 of the lower value coins. It should be noted that the both quantum of gross profit and the gross profit margin achieved on the sale of these lower value coins are expected to be smaller than that expected to be achieved on the higher value and rarer coins sold.

Breakdown of our Portfolio

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.

Directors' Report (continued)

Breakdown of our Portfolio (continued)

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.

Financial results

Revenue from the sale of coins or coin collections for the year ended 31 March 2015 was £0.6 million, down on the previous year's total of £1.6 million. While the overall revenue has decreased, the Company continues to demonstrate its conservative valuation policy as 2014/15 witnessed a strong increase in the gross profit margin, with sales in the year generating a 32 per cent. gross margin as compared with 18 per cent. in the prior year.

As at 31 March 2015, 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 2014 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 and which the Directors continue to believe to be conservative, was that the overall carrying value of the portfolio as at 31 March 2015 increased to £11.14 million (2014: £10.62 million). The primary causes of this increase of £0.5 million were that £0.3 million of coins were added to the portfolio, the brought forward coin portfolio was revalued upwards by £0.6 million (6% uplift) and coins with a brought forward carrying value of £0.4 million were sold. The Directors would expect coins from the portfolio to achieve appreciably higher returns than their revalued carrying value should they be sold at auction, as demonstrated by the 32 per cent. gross profit margin achieved on coins sold in the financial year under review.

The result of the revaluation exercise at 31 March 2015 is that, as at that date, the Company's coin portfolio comprised of coins purchased at cost of an aggregate £8.29 million (2014: £8.21 million) and a revaluation amount of £2.85 million (net of VAT payable on sale) (2014: £2.41 million).

The effect of the revaluation, together with the profits from the coin sales, resulted in the Company recording a gross profit of £0.82 million (2014: £0.66 million), an uplift of 25 per cent. Administrative expenses during the year were £0.44 million (2014: £0.41 million), the increase due entirely to a £0.04 million increase in unrecoverable VAT suffered in the year when compared to the prior year. Unrecovered VAT arises when the Company's revenue includes sales of exempt gold coins – coins specifically identified by HMRC which are exempt from VAT. Accordingly, each year the Company is unable to recover the proportion of input VAT suffered on its annual expenses equal to the proportion that exempt gold coins represents of its annual revenues. Unfortunately, within the year under review exempt gold coin sales represented a larger than historically normal proportion of overall revenue. Excluding unrecovered VAT, other administrative expenses reduced when compared to the prior year.

Net profit for the year of £0.38 million (2014: £0.25 million), delivered earnings per share of 0.47p (2014: 0.31p).

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Directors' Report (continued)

Financial results (continued)

The Company ended the year with a net cash balance of approximately £0.88 million compared to £0.17 million reported at the end of March 2014. This was largely due to the realisation of receivables held at the beginning of the reporting period.

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 £0.83million.

During the year, investments of £0.32 million (2014: £0.63 million) were made in coins and coin collections. At year end, the Company had net assets of £12.0 million (2014: £11.7 million) and no borrowings. The Directors are pleased to report that the Company's net asset value per share ("NAV") as at 31 March 2015 again increased on the prior year to 14.9 pence (2014: 14.5 pence).

Dividend

Reflecting the Company's continued NAV growth and the Board's cautiously optimistic outlook, the Board is pleased to recommend a full year dividend of 0.15 pence per share, in line with the prior year (2014: 0.15 pence per share), subject to shareholder approval which is to be sought at the Company's annual general meeting to be held on 23 September 2015. The dividend will be paid on or around 29 September 2015 to shareholders on the register as at 25 September 2015.

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 2015, the level of the dividend will be approximately £0.12 million (2014: £0.12 million).

Outlook

Avarae remains well positioned as an alternative asset investment. Where other alternative asset players have suffered as a result of volatile international markets and fluctuating commodity prices, Avarae has continued to be successful, 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. Trading since the year end has been active, with the Company selling more than 150 coins and recording revenues of approximately £0.51 million. Since 1 April 2015, the Company has also acquired coins with a value of approximately £0.16 million. The Directors remain optimistic about the Company's future prospects both for the current year and longer term.

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
21 August 2015

Directors' Report (continued)

Incorporation

These are the ninth 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 2015 of £380,000 (31 March 2014: £253,000) 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) (Resigned 14 August 2015)
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 0.04% 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 2015 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 far as the Directors are aware, 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
Ian Goldbart	12.54
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)

Corporate governance (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 2015, 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 23 September 2015 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.

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 23 September 2015.

APPROVED BY THE BOARD OF DIRECTORS

21 August 2015

Matthew Wood

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 2015 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 2015 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. As detailed in note 8, the valuation in the Company's balance sheet is based on cost as modified by an upward revaluation applied to coins acquired prior to 31 March 2014. 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

21 August 2015

Statement of Comprehensive Income for the year ended 31 March 2015

	<i>Note</i>	Year ended <i>31-Mar-15</i> £'000	Year ended <i>31-Mar-14</i> £'000
Revenue			
Sales	1	626	1,592
Cost of Sales		(425)	(1,301)
Coin revaluation	8	618	367
		819	658
Gross profit			
Administrative expenses		(440)	(406)
		379	252
Profit on ordinary activities before:			
Finance income	5	1	1
		380	253
Profit on ordinary activities before tax			
Tax on profit on ordinary activities	6	-	-
		380	253
Profit on ordinary activities after taxation			
Earnings per share (basic and diluted)	7	0.47p	0.31p

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

Statement of Financial Position as at 31 March 2015

		<i>As at</i> 31-Mar-15 £'000	<i>As at</i> 31-Mar-14 £'000
Assets			
Current Assets			
Coin inventory	8	11,141	10,621
Trade and other receivables	9	105	1,810
Cash at bank		882	171
		<hr/>	<hr/>
Total assets		12,128	12,602
		<hr/>	<hr/>
Liabilities and equity			
Creditors: amounts falling due within one year	10	127	860
		<hr/>	<hr/>
Total Liabilities		127	860
		<hr/>	<hr/>
Equity			
Called up equity share capital	12	808	808
Share premium		8,880	8,880
Profit and loss account		2,313	2,054
		<hr/>	<hr/>
Total Equity Shareholders' Funds		12,001	11,742
		<hr/>	<hr/>
Total Liabilities and equity		12,128	12,602
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 21 August 2015 and were signed on their behalf by:

Matt Wood

Diane Clarke

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

Cash Flow Statement for the year ended 31 March 2015

	Note	<i>Year ended 31-Mar-15 £'000</i>	<i>Year ended 31-Mar-14 £'000</i>
Cash flows from operating activities:			
Profit on ordinary activities for the year		380	253
Adjustments for:			
(Decrease)/increase in payables		(733)	802
Decrease /(increase) in receivables		1,705	(1,414)
(Increase)/decrease in inventory		(521)	306
Net cash flow from operations		<u>831</u>	<u>(53)</u>
Interest received		<u>1</u>	<u>1</u>
Net cash from investing activities		<u>1</u>	<u>1</u>
Dividends paid	18	<u>(121)</u>	<u>(145)</u>
Net cash from financing activities		<u>(121)</u>	<u>(145)</u>
Net increase/(decrease) in cash and cash equivalents		711	(197)
Opening cash position	13	<u>171</u>	<u>368</u>
Cash and cash equivalents at 31 March	13	<u>882</u>	<u>171</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 2015

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 31 March 2013	808	8,880	1,946	11,634
Profit for the year	-	-	253	253
Dividends paid	<u>-</u>	<u>-</u>	<u>(145)</u>	<u>(145)</u>
At 31 March 2014	808	8,880	2,054	11,742
Profit for year	-	-	380	380
Dividends paid	<u>-</u>	<u>-</u>	<u>(121)</u>	<u>(121)</u>
At 31 March 2015	<u>808</u>	<u>8,880</u>	<u>2,313</u>	<u>12,001</u>

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

Notes to the Financial Statements for the year ended 31 March 2015

(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 10	<u>Consolidated Financial Statements</u> Amendments for investment entities Effective for periods commencing on or after 1 January 2014
IFRS 11	<u>Joint Arrangements</u> Amendments to transitional guidance Effective for periods commencing on or after 1 January 2014
IFRS 12	<u>Disclosure of interests in Other Entities</u> Amendments for investment entities Effective for periods commencing on or after 1 January 2014
IAS 27	<u>Separate Financial Statements</u> Amendments for investment entities Effective for periods commencing on or after 1 January 2014
IAS 32	<u>Financial Instruments: Presentation</u> Amendments relating to the offsetting of assets and liabilities Effective for periods commencing on or after 1 January 2014
IAS 36	<u>Impairment of Assets</u> Amendments from “Recoverable Amount Disclosures for Non-Financial Assets” Effective for periods commencing on or after 1 January 2014
IAS 39	<u>Financial Instruments: Recognition and Measurement</u> Amendments for novations of derivatives Effective for periods commencing on or after 1 January 2014

Notes to the Financial Statements for the year ended 31 March 2015

(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 2014 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 - (accounting for contingent consideration) Effective for periods commencing on or after 1 July 2014 Amendments resulting from Annual Improvements 2011-2013 Cycle (scope exception for joint ventures) Effective for periods commencing on or after 1 July 2014
IFRS 5	<u>Non-current Assets Held for Sale and Discontinued Operations</u> Amendments resulting from September 2014 Annual Improvements to IFRSs Effective for periods commencing on or after 1 January 2016

Notes to the Financial Statements for the year ended 31 March 2015

(1) Accounting policies (continued)

IFRS 7	<u>Financial Instruments: Disclosures</u> Amendments resulting from September 2014 Annual Improvements to IFRSs Effective for periods commencing on or after 1 January 2016
IFRS 8	<u>Operating Segments</u> Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, etc.) Effective for periods commencing on or after 1 July 2014
IFRS 9	<u>Financial Instruments</u> Effective for periods commencing on or after 1 January 2018
IFRS 10	<u>Consolidated Financial Statements</u> Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture Effective for periods commencing on or after 1 January 2016 Amendments regarding the application of the consolidation exception Effective for periods commencing on or after 1 January 2016
IFRS 11	<u>Joint Arrangements</u> 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	<u>Disclosure of interests in Other Entities</u> Amendments regarding the application of the consolidation exception Effective for periods commencing on or after 1 January 2016
IFRS 13	<u>Fair Value Measurement</u> Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception) Effective for periods commencing on or after 1 July 2014
IFRS 14	<u>Regulatory Deferral Accounts</u> Applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016
IFRS 15	<u>Revenue from contracts with customers</u> Applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2017
IAS 1	<u>Presentation of Financial Statements</u> Amendments resulting from the disclosure initiative Effective for periods commencing on or after 1 January 2016
IAS 16	<u>Property, Plant and Equipment</u> 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 Amendments bringing bearer plants into the scope of IAS 16 Effective for periods commencing on or after 1 January 2016

Notes to the Financial Statements for the year ended 31 March 2015

(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
Amendments resulting from September 2014 Annual Improvements to IFRSs
Effective for periods commencing on or after 1 January 2016
- 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 reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements
Effective for periods commencing on or after 1 January 2016
- IAS 28 Investments in Associates and Joint Ventures
Amendments regarding the sales or contribution of assets between an investor and its associate or joint venture
Effective for periods commencing on or after 1 January 2016
Amendments regarding the application of the consolidation exception
Effective for periods commencing on or after 1 January 2016
- IAS 34 Interim Financial Reporting
Amendments resulting from September 2014 Annual Improvements to IFRSs
Effective for periods commencing on or after 1 January 2016
- 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 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.
Applies when IFRS is applied
- 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
- IAS 41 Agriculture
Amendments bringing bearer plants into the scope of ISA 16
Effective for periods commencing on or after 1 January 2016

Notes to the Financial Statements for the year ended 31 March 2015

(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.

Foreign currency transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements of the Company are presented in pounds sterling ("GBP") which is its functional and presentation currency. Foreign currency transactions are translated into GBP using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(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>31-Mar-15</i> <i>£'000</i>	<i>Year ended</i> <i>31-Mar-14</i> <i>£'000</i>
Auditors remuneration – Audit	8	8
Numismatic advisers – A H Baldwin & Sons Ltd	177	175

Notes to the Financial Statements for the year ended 31 March 2015

(4) Staff costs

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

	<i>Year ended</i> <i>31-Mar-15</i>	<i>Year ended</i> <i>31-Mar-14</i>
	<i>£'000</i>	<i>£'000</i>
Guus Berting	13	12
Matt Wood	15	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.

(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-15</i>	<i>Year ended</i> <i>31-Mar-14</i>
	<i>£'000</i>	<i>£'000</i>
Profit before tax	380	253
Isle of Man tax at 0%	-	-
Tax expense for the year	-	-

(7) Earnings per share

The profit per share (basic and diluted) for the year ended 31 March 2015 was 0.47p (2014: profit per share of 0.31p). The calculation of earnings per share is based on the profit of £380,000 (2014: £253,000) for the year and the weighted average number of shares in issue being 80,783,334 (2014: 80,783,334).

Notes to the Financial Statements for the year ended 31 March 2015

(8) Coin inventory

	<i>As at</i>
	<i>31-Mar-15</i>
	<i>£'000</i>
Coins	
At Cost	
At 01 April 2014	8,215
Additions	323
Disposal of coins	(244)
At 31 March 2015	<u>8,294</u>
Revaluation	
At 01 April 2014	2,406
Revaluation for the year	618
Disposal of coins	(177)
At 31 March 2015	<u>2,847</u>
Net Book Values	
At 31 March 2015	<u>11,141</u>
At 31 March 2014	<u>10,621</u>

At the year end, only those coins that had been acquired by the Company before 31 March 2014 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 2015 has been carried at cost. This is considered by the directors to give a fair value for the inventory. Inventory of £11,141,208 (2014: £10,620,470) is carried as 'Inventory carried at fair value less costs to sell'. The purchase cost of inventory held at 31 March 2015 was £8,293,780 (2014: £8,214,761). This cost includes all incidental costs of acquisition (including premiums and irrecoverable VAT).

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.

Notes to the Financial Statements for the year ended 31 March 2015

(9) Trade and other receivables

	<i>As at</i> <i>31-Mar-15</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-14</i> <i>£'000</i>
Trade debtors	83	1,749
Other debtors	-	47
Prepaid expenses	22	14
	<hr/>	<hr/>
Total	105	1,810
	<hr/>	<hr/>

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-15</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-14</i> <i>£'000</i>
Trade creditors	23	800
Other creditors	47	-
Accrued expenses	57	60
	<hr/>	<hr/>
	127	860
	<hr/>	<hr/>

All creditors are due within one year.

(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.

Notes to the Financial Statements for the year ended 31 March 2015

(11) Financial instruments and risk (continued)

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 2015</i> £'000	<i>Carrying amount 2014</i> £'000
Trade and other receivables	105	1,810
Cash at bank	882	171

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.

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>As at</i> <i>31-Mar-15</i> £'000	<i>As at</i> <i>31-Mar-14</i> £'000
Level 2:		
Coin Portfolio	11,141	10,621
Level 3:		
Trade and other receivables	105	1,810
Payables	127	860

Notes to the Financial Statements for the year ended 31 March 2015

(12) Share capital

	<i>As at</i>	<i>As at</i>
	<i>31-Mar-15</i>	<i>31-Mar-14</i>
	<i>£'000</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 (2014: 80,783,334)	808	808
	<hr/>	<hr/>

(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-15</i>	<i>31-Mar-14</i>
	<i>£'000</i>	<i>£'000</i>
Cash on hand and balances with banks	882	171
Short-term investments	-	-
	<hr/>	<hr/>
Cash and cash equivalents as previously reported	882	171
Effect of exchange rate changes	-	-
	<hr/>	<hr/>
Cash and cash equivalents as restated	882	171
	<hr/>	<hr/>

(14) Related party transactions

Diane Clarke is a director of Hillberry Trust Company Limited (Hillberry). The Company incurred administration fees of £14,700 (2014: £14,700) from Hillberry during the year, in addition to which, a further £5,000 was in respect of the annual responsibility fee, which covers the provision of resident statutory services. As at 31 March 2015, £nil (2014: £nil) was owing to Hillberry.

Matthew Wood is a director of CMS Corporate Consultants Limited (CMS). Fees for financial, corporate and accounting services of £45,077 (2014: £45,222) were paid to CMS during the period. As at 31 March 2015, £3,997 was owing to CMS (2014: £3,250).

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 2015, stock purchases of £0.32 million (2014: £0.63 million) have been made through AH Baldwin & Sons Limited ("Baldwin"). In addition, during the year ended 31 March 2015, stock sales (net of VAT) of £0.47 million (2014: £1.6 million) were made through Baldwin. Avarae entered into an agreement with Baldwin on 21 April 2006 under which Avarae pays fees to Baldwin for, amongst other things, services related to sourcing suitable coin purchases and coin buyers for Avarae.

Notes to the Financial Statements for the year ended 31 March 2015

(14) Related party transactions (continued)

These fees include a performance-based element. As the Company's numismatic adviser, Baldwin co-ordinated the Company's annual revaluation exercise. All purchases and sales made by Avarae, including those made through Baldwin, are independently assessed and approved by the Company's Advisory Panel ("Panel"). The members of the Panel are Sir John Wheeler and Clement Chambers. As at the date of this report, Baldwin does not hold any shares in the "Company".

(15) Commitments under operating leases

At 31 March 2015, the Company had no commitments under operating leases (2014: £nil).

(16) Capital commitments

At 31 March 2015, the Company had no capital commitments (2014: £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 NAV growth and the Board's cautiously optimistic outlook, the Board is pleased to recommend a full year dividend of 0.15 pence per share (2014: 0.15 pence per share), subject to shareholder approval to be sought at the Company's annual general meeting to be held on 23 September 2015. The dividend will be paid on or around 29 September 2015 to shareholders on the register on 25 September 2015.

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 2015, the level of the dividend will be approximately £0.12 million (2014: £0.12 million) or 0.15 pence per share (2014: 0.15 pence per share).

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 2015 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 23 September 2015.

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 2015 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** Diane Jane Clarke who, having agreed to retire but, being eligible, offers themselves for re-election, be and he is hereby re-appointed as a Director of the Company.
3. **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 2015, be and is hereby approved.

By Order of the Board
Diane J. Clarke, Director

Dated: 21 August 2015

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 21 September 2015.
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.
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 21 September 2015 (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 20 September 2015 (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.