

# **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 2020**



AVARAE GLOBAL COINS PLC  
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

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**Company information**

<b>Directors</b>	Rosaline Melia Matthew Wood Clement Chambers Alan Molloy Laurence Gergel
<b>Registered Office</b>	Cayman National House 4-8 Hope Street Douglas Isle of Man IM1 1AQ
<b>Registered Agent</b>	Cayman National Trust Company (Isle of Man) Limited
<b>Numismatic Advisory Panel</b>	The Rt Honourable Sir John Wheeler J.P. DL Clement Chambers
<b>Auditors</b>	Baker Tilly Isle of Man LLC PO Box 95 2a Lord Street Douglas Isle of Man IM99 1HP
<b>Advocates</b>	Appleby 33 Athol Street Douglas Isle of Man IM1 1LB
<b>Registrars</b>	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD

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## Directors' Report

### Introduction

The Board is pleased to present the annual report of Avarae Global Coins Plc ("the Company") for the year ended 31 March 2020 ("FY2020"). In line with the wishes of its shareholders, during the year under review, the Company continued to generate steady cashflows as part of its continued strategy to return value to shareholders.

During the year, the Company's shareholders were given another opportunity to realise some or all of their investment in the Company via a tender offer undertaken by the Company. A buy-back of shares was carried out by the Company in December 2019, returning approximately £1.04 million of cash to shareholders, through the purchase and subsequent cancellation of 6,500,000 of its Ordinary Shares. Over the last four years, the Company has returned in excess of £10.74 million in cash to shareholders at a weighted average price of 14.5 pence per share.

The sole strategy of the Company is to continue the orderly divestment of its coin portfolio in the most cost-effective manner so as to maximise the overall return to shareholders.

### Financial Highlights for the year ended 31 March 2020:

- Sales of £0.503 million (FY2019: £1.91 million);
- Cash generated from operations of £0.33 million (FY2019: £1.65 million);
- Trading gross profit margin, which excludes the effect of the coin revaluation, increased to 6.7% from 4.2% in the prior year;
- Carrying value of stock at the year-end of £0.93 million (FY2019: £1.38 million) includes a £0.011 million revaluation adjustment to increase the carrying value of a number of the coins in the portfolio;
- Cash at the year-end of £0.11 million (FY2019: £0.82 million);
- Reduction in annual administrative expenses of 15.2% when compared to the prior year;
- £1.04 million of cash returned to shareholders through the repurchase and cancellation of 6.5 million Ordinary Shares; and
- Net asset value per share of 15.89 pence as at 31 March 2020 (FY2019: 16.85 pence).

### Avarae's Investments

#### *Sales*

During the year, the Company made steady progress in the controlled reduction of its coin portfolio, in almost all cases, securing sales of coins in excess of their carrying values.

Not unexpectedly, the Company's sales of £0.53 million in the year to 31 March 2020 were down on the £1.91 million achieved in the previous year, reflecting the Company's lower stock balances held than at the beginning of the prior year. The Company generated a trading gross profit of £0.033 million in FY2020 (FY2019: £0.08 million), which excludes the effect of the coin revaluation. The majority of this decrease was attributable to fewer coins being sold in the year (46 vs 105) albeit at a higher gross profit margin (6.7% vs 4.2%) when compared to FY2019. At the year end, the Company's portfolio of coins had reduced to 134 coins.

## **Directors' Report (continued)**

### **Avarae's Investments (continued)**

#### *Breakdown of our Portfolio*

English, English hammered and Anglo Gallic coins continue to represent the majority of the Company's portfolio, with holdings of Islamic coins also representing significant proportions of the stock at approximately 22% of the portfolio. In total, Avarae holds coins from 13 different regions and nationalities, demonstrating its genuine global exposure. The Company made no coin purchases in the year under review.

### **Financial Results**

As at 31 March 2020, in line with prior years, the Company's numismatic advisory panel undertook a detailed revaluation of its coin portfolio. This exercise is intended to smooth out the effect of long-term changes in a coins' value by apportioning 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 overall gross profit (rather than its trading 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 its revalued amount. The Directors are pleased to report that in each of the years since the Company's inception in 2006, the Company has recorded a gross profit, thereby demonstrating the validity of the revaluation exercise.

The result of the 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 2020 was £0.93 million (2019: £1.38 million), with experts confirming that the coins maintained their value (2019: reduction of £0.03 million). At the year end, the coin portfolio comprised of coins purchased with an aggregate cost of £0.86 million (2019: £1.20 million) and a revaluation amount of £0.07 million (net of VAT and commission payable on sale) (2019: £0.18 million). The Directors continue to expect many coins from the portfolio to achieve higher returns than their revalued carrying value should they be sold at auction.

The Company incurred administrative expenses during the year under review of approximately £0.16 million, a reduction of more than 15% on those incurred during FY2019 of £0.19 million and the Company's administrative costs have reduced further post year end. The Directors continue to strive to keep the Company's operating costs at as low a level as possible, notwithstanding the continued number of transactions due to the Company's ongoing programme of controlled disposals of its coin portfolio.

The Company generated a net loss for the year of £0.12 million (2019: loss of £0.14 million), delivering losses per share of 1.07p (2019: loss per share of 0.68p).

The Company ended the year with a net cash balance of approximately £0.11 million compared to £0.82 million reported at the end of March 2019. The lower cash balance was to be expected following £1.04 million being returned to shareholders via the tender offer in December 2019. At the date of this report, the Company's cash balances stood at approximately £0.2 million.

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## **Directors' Report (continued)**

### **Financial Results (continued)**

At the year end, the Company had net assets of £1.03 million (2019: £2.19 million) and no borrowings. The Company's net asset value per share ("NAV") as at 31 March 2020 was 15.89 pence (2019: 16.85 pence). The principal reason for the decrease in NAV was due to the loss reported during the year and the lower weighted average number of shares in issue when compared to the prior year.

### **Dividend**

The Board does not recommend the payment of a dividend in respect of the year under review. The dividend policy adopted by the Board will be reviewed during the current financial year.

### **Tender Offers**

On 13 November 2019 the Company made a tender offer to its shareholders at 16.0 pence per share, the result of which was that, by 5 December 2019, 10,901,793 Ordinary Shares had been validly tendered by shareholders out of a total of 13,000,000 shares in issue. In accordance with the terms and conditions of the tender offer, 6,500,000 Ordinary Shares were purchased by the Company on 12 December 2019 and subsequently cancelled, which represented 50% of the Company's then issued share capital. As at 31 March 2020, the Company had 6,500,000 Ordinary Shares in issue.

In accordance with the Board's strategy to return cash to Shareholders, one further buyback is intended to be undertaken in the current financial year, although there can be no guarantee that the price offered by the Company will exceed the prices previously paid. This final buyback is expected to be in conjunction with a formal liquidation of the assets of the Company, subject to shareholders' approval.

### **Outlook**

The Company is expected to continue to generate positive cash returns through the orderly liquidation of its coin portfolio in order to maximise shareholder value.

The Company's current intention is to divest all its remaining stock before the end of the current financial year and then liquidating the Company, conditional upon shareholder approval.

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

Rosaline Melia  
Matthew Wood  
Clement Chambers

Alan Molloy  
Laurence Gergel

14 September 2020

## **Directors' Report (continued)**

### **Incorporation**

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

The Company is a private limited company, which is limited by shares and domiciled in the Isle of Man.

### **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 Isle of Man Companies Act 2006, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Historically, the directors were 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 whilst its shares were admitted to trading on the AIM Market of the London Stock Exchange between 2006 and 2016. The directors have continued to apply this higher level of reporting framework in the preparation of the financial statements following the completion of the delisting process.

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 are 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 to return capital to shareholders in a cost-effective manner through the orderly divesting of its coin portfolio.

### **Results**

The loss for the year ended 31 March 2020 of £118,000 (2019: loss of £143,000) has been transferred to reserves.

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## Directors' Report (continued)

### Directors' Remuneration and Interests

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

Clement Chambers  
Matthew Wood  
Alan Molloy  
Laurence Gergel  
Rosaline Melia

The remuneration of the Directors of the Company is set out in Notes 4 and 13 to the accounts.

### Substantial Shareholdings

As at 31 March 2020 and at the date of this report, the issued share capital of the Company was 6,500,000 ordinary shares of one pence each ("Ordinary Shares") and, as far as the Directors are aware, as at 31 March 2020, the following registered shareholders held 3% or more of the Company's issued share capital:

<i>Shareholder</i>	<i>% Holding</i>
Montoya Investments Limited	24.35
Pershing Nominees Limited	17.50
Platform Securities Nominees Limited	12.62
Rulegale Nominees Limited	6.06
Rock (Nominees) Limited	5.33
John Stanley Mankelov Esq	4.92
HSBC Global Custody Nominee	3.87
Hargreaves Lansdown Nominees Limited	3.74
Redmayne Nominees Limited	3.56
Dartington Portfolio Nominees Limited	3.30

### 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.

As at the date of this report, the Board comprises five directors, two based in the Isle of Man, Rosaline Melia and Alan Molloy, two based in the UK, Matthew Wood and Laurence Gergel, and one based in Monaco, Clement Chambers. R. Melia is the executive director and Messrs Wood, Molloy, Chambers and Gergel are non-executive directors.

The board considers each of the non-executive directors to be independent, save for Mr Gergel, who is a representative of the Company's largest shareholder Montoya Investments Limited. 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 Clement Chambers 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 Director's 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 – its 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 2020, 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 selling offers. The Board monitor this risk through 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, Cayman National Trust Company Limited ("Cayman"), is responsible for maintaining the Company's registers, other than the register of members which is maintained by the Company's 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 published on its website, [www.avarae.com](http://www.avarae.com).

The Annual Report is sent to Shareholders within 6 months of the Company's financial year end and is available on the Company's website.

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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.

APPROVED BY THE BOARD OF DIRECTORS

14 September 2020

Matthew Wood

## **Report of the Independent Auditors, Baker Tilly Isle of Man LLC, to the Members of Avarae Global Coins plc**

### **Opinion**

We have audited the financial statements of Avarae Global Coins Plc for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020, and of the Company's results for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union

### **Emphasis of Matter - Coin Portfolio**

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of the coin portfolio. As detailed in note 7, the carrying value of the coins in the Company's Statement of Financial Position is based on a revaluation by an industry expert at 31 March 2020 with the values of any coins sold subsequent to the year end and up to the date of this report being adjusted to reflect the value at which they were sold. Realisation of this value is entirely dependent on market conditions which may differ materially from the amount which they are stated at in the financial statements. Our opinion is not qualified in this respect.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

**Report of the Independent Auditors, Baker Tilly Isle of Man LLC, to the Members of Avarae Global Coins plc (continued)**

**Conclusions relating to going concern (continued)**

We note the disclosure made by the Directors in relation to the impact the COVID-19 pandemic might have on the continuing activity of the company, and its ability to continue as a going concern. We draw your attention to note 16 in relation to this issue.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Report of the Independent Auditors, Baker Tilly Isle of Man LLC, to the Members of Avarae Global Coins plc (continued)**

**Auditor's responsibilities for the audit of the financial statements (continued)**

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with the terms of our engagement letter dated 2 May 2019. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Baker Tilly Isle of Man LLC**  
**Chartered Accountants**  
P O Box 95  
2a Lord Street  
Douglas  
Isle of Man, IM99 1HP

Date: 14 September 2020

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**Statement of Comprehensive Income for the year ended 31 March 2020**

	<i>Note</i>	Year ended <i>31-Mar-20</i> £'000	Year ended <i>31-Mar-19</i> £'000
<b>Revenue</b>			
Sales	2	503	1,911
Cost of sales		(470)	(1,831)
Coin revaluation	7	11	(32)
		-----	-----
Gross profit		44	48
		-----	-----
Administrative expenses		(162)	(191)
		-----	-----
<b>Loss on ordinary activities before tax:</b>		(118)	(143)
Tax on losses on ordinary activities	5	-	-
		-----	-----
<b>Total loss on ordinary activities after taxation</b>		(118)	(143)
		-----	-----
<b>Total comprehensive loss</b>		(118)	(143)
		-----	-----
<b>Losses per share (basic and diluted)</b>	6	(1.07)p	(0.68)p

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

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**Statement of Financial Position as at 31 March 2020**

	<i>Note</i>	<i>As at 31-Mar-20 £'000</i>	<i>As at 31-Mar-19 £'000</i>
<b>Assets</b>			
<b>Current Assets</b>			
Coin inventory	7	929	1,377
Trade and other receivables	8	22	17
Cash and cash equivalents	12	108	822
		<hr/>	<hr/>
<b>Total assets</b>		<b>1,059</b>	<b>2,216</b>
		<hr/>	<hr/>
<b>Liabilities and equity</b>			
<b>Trade and other payables:</b> amounts falling due within one year	9	25	24
		<hr/>	<hr/>
<b>Total Liabilities</b>		25	24
		<hr/>	<hr/>
<b>Equity</b>			
Called up equity share capital	11	65	130
Share premium	11	-	-
Retained earnings		969	2,062
		<hr/>	<hr/>
<b>Total Equity Shareholders' Funds</b>		1,034	2,192
		<hr/>	<hr/>
<b>Total Liabilities and equity</b>		<b>1,059</b>	<b>2,216</b>
		<hr/>	<hr/>

*These financial statements were approved by the board of directors on 14 September 2020 and were signed on their behalf by:*

**Matthew Wood**

**Rosaline Melia**

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

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**Statement of Cash Flows for the year ended 31 March 2020**

	Note	<i>Year ended 31-Mar-20 £'000</i>	<i>Year ended 31-Mar-19 £'000</i>
<b>Cash flows from operating activities:</b>			
Loss on ordinary activities for the year		(118)	(143)
Adjustments for:			
Increase/(decrease) in payables		1	(7)
(Increase)/decrease in receivables		(5)	15
Decrease in inventory		448	1,786
<b>Net cash flow from operations</b>		326	1,651
<b>Cash flows from financing activities</b>			
Purchase of own ordinary shares		(1,040)	(1,968)
<b>Net cash from financing activities</b>		(1,040)	(1,968)
<b>Net decrease in cash and cash equivalents</b>		(714)	(317)
Opening cash position		822	1,139
<b>Cash and cash equivalents at 31 March</b>	12	108	822

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 2020**

	<i>Share capital</i> £'000	<i>Share premium</i> £'000	<i>Retained earnings</i> £'000	<i>Total</i> £'000
At 31 March 2018	253	1,702	2,348	4,303
<b>Comprehensive income for year</b>				
Loss for year	-	-	(143)	(143)
<b>Transactions with owners recorded directly in equity</b>				
Purchase of own ordinary shares	(123)	(1,702)	(143)	(1,968)
At 31 March 2019	130	-	2,062	2,192
<b>Comprehensive income for year</b>				
Loss for year	-	-	(118)	(118)
<b>Transactions with owners recorded directly in equity</b>				
Purchase of own ordinary shares	(65)	-	(975)	(1,040)
At 31 March 2020	65	-	969	1,034

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

## Notes to the Financial Statements for the year ended 31 March 2020

### (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”). The functional currency is £-Sterling and all amounts are rounded to the nearest £1,000.

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

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

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 years:

- |        |  |
|--------|--|
| IFRS 7 | Financial Instruments: Disclosures<br>Amendments regarding pre-replacement issues in the context of the IBOR reform<br>Annual periods beginning on or after 1 January 2020                 |
| IAS 1  | Presentation of Financial Statements<br>Amendments regarding the definition of material<br>Annual periods beginning on or after 1 January 2020   |
| IAS 8  | Accounting Policies, Changes in Accounting Estimates and Errors<br>Amendments regarding the definition of material<br>Annual periods beginning on or after 1 January 2020                  |
| IAS 39 | Financial Instruments: Recognition and Measurement<br>Amendments regarding pre-replacement issues in the context of the IBOR reform<br>Annual periods beginning on or after 1 January 2020 |

The following standards, amendments and interpretations have been issued but are not effective for the period commencing 1 April 2019 and have not been early adopted by the company:

- |        |  |
|--------|--|
| IFRS 7 | Financial Instruments: Disclosures<br>Amendments regarding pre-replacement issues in the context of the IBOR reform<br>Annual periods beginning on or after 1 January 2021                                   |
| IFRS 9 | Financial Instruments<br>Amendments regarding replacement issues in the context of the IBOR reform<br>Annual periods beginning on or after 1 January 2021  |
|        | Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the ‘10 per cent’ test for derecognition of financial liabilities)<br>Annual periods beginning on or after 1 January 2022 |

## Notes to the Financial Statements for the year ended 31 March 2020

### (1) Accounting policies (continued)

#### *Basis of accounting (continued)*

- IAS 1 Presentation of Financial Statements  
Amendments regarding the classification of liabilities  
Annual periods beginning on or after 1 January 2023
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets  
Amendments regarding the costs to include when assessing whether a contract is onerous  
Annual periods beginning on or after 1 January 2022
- IAS 39 Financial Instruments: Recognition and Measurement  
Amendments regarding replacement issues in the context of the IBOR reform

The adoption of these new and revised standards and interpretations is not expected to have any material impact upon the Company's accounting policies in future periods.

#### *Revenue recognition*

Revenue comprises the fair value of the sale of individual coins or collections of coins, accounted for on an accruals basis, net of applicable sales tax. Any sales made at auction are also accounted for net of any incidental auction costs incurred.

#### *Contracts and obligation*

When the sale of a coin has been agreed with the customer, the implied customer contracts consist of the sale of coins that the Company provides to the customer.

The sale of coins is the only performance obligation for all sales. Revenue from the sale of coins is recognised in full when supplied to the customer.

#### *Determining the transaction price*

The transaction price is determined as the fair value that the Company expects to receive when the sale is agreed with the customer.

#### *Allocate the transaction price to the performance obligations in the contract*

The allocation of the transaction price to the performance obligations in the contract is non-complex for the Company. There is an agreed price for each coin sold and therefore, there is limited judgement involved in allocating the contract price to each coin purchased.

#### *Recognise revenue when or as the entity satisfies its performance obligations*

The overarching terms are consistent in each contract. The sale of coins is seen as the only performance obligation and revenue is recognised, when supplied to the customer.

Finance income is accounted for on a receivable basis.

## Notes to the Financial Statements for the year ended 31 March 2020

### (1) Accounting policies (continued)

#### *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.

#### *Expected credit losses (“ECLs”)*

Expected credit losses are shown in note 8. ECLs are determined based on historical data available to management in addition to forward looking information utilising management knowledge. Adequate information exists to support the recoverability of the net receivables balance.

### (2) Revenue – Segmental information

The Company has one class of business, that of the sale of antiquarian and collectable coins. The analysis of the Company’s revenue by location of customer is as follows:

	<i>Year ended</i> <i>31-Mar-20</i> <i>£’000</i>	<i>Year ended</i> <i>31-Mar-19</i> <i>£’000</i>
UK	267	1,095
<b>International</b>		
Switzerland	-	211
USA	189	391
Other	47	214
	<hr/>	<hr/>
<b>Total Sales</b>	503	1,911
	<hr/>	<hr/>

The Chief Operating Decision Maker (“CODM”) has been identified as the Board of Directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined that there is one single operating segment, based on internal reporting, being the sale of the Company’s portfolio of coins held in stock. Non-current assets at the end of each period presented are held entirely in the United Kingdom.

AVARAE GLOBAL COINS PLC  
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

**Notes to the Financial Statements for the year ended 31 March 2020**

**(3) Profit for the year**

The profit for the year is stated after charging the following:

	<i>Year ended</i>	<i>Year ended</i>
	<i>31-Mar-20</i>	<i>31-Mar-19</i>
	<i>£'000</i>	<i>£'000</i>
Auditors remuneration – Audit	9	8
Foreign exchange loss	-	4

**(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-20</i>	<i>31-Mar-19</i>
	<i>£'000</i>	<i>£'000</i>
Matthew Wood	15	15
Clem Chambers	13	13
Alan Molloy	5	5
Laurence Gergel	1	1
Rosaline Melia	5	3

The Directors provided their services under contracts as detailed in the Related Party Transactions (Note 13).

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

**(5) 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% (2019: 0%), which took effect from 6 April 2006.

	<i>Year ended</i>	<i>Year ended</i>
	<i>31-Mar-20</i>	<i>31-Mar-19</i>
	<i>£'000</i>	<i>£'000</i>
Loss before tax	(118)	(143)
Isle of Man tax at 0%	-	-
Tax expense for the year	-	-

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**Notes to the Financial Statements for the year ended 31 March 2020**

**(6) Earnings per share**

The losses per share (basic and diluted) for the year ended 31 March 2020 were (1.07)p (2019: losses per share of 0.68p). The calculation of losses per share is based on the loss of £118,000 (2019: loss of £143,000) for the year and the weighted average number of shares in issue being 10,987,671 (2019: 20,956,180).

**(7) Coin inventory**

	<i>As at 31-Mar-20 £'000</i>
<b>Coins</b>	
<b>At Cost</b>	
At 01 April 2019	1,201
Additions	-
Disposal of coins	(338)
At 31 March 2020	863
<b>Revaluation</b>	
At 01 April 2019	176
Revaluation for the year	11
Disposal of coins	(121)
At 31 March 2020	66
<b>Net book values</b>	
At 31 March 2020	929
At 31 March 2019	1,377

At the year end, the Company's coin portfolio was revalued by an industry expert from its numismatic advisory panel to its expected market value as at 31 March 2020 less the VAT and commission payable on sale. For coins sold subsequent to year end and up to the date of this report, a revaluation adjustment is included as part of the coin revaluation exercise to adjust the coins to their ultimate realised value. This is considered by the directors to give a fair value for the inventory. Inventory of £929,196(2019: £1,377,467) is carried at fair value.

The purchase cost of inventory held at 31 March 2020 was £862,742 (2019: £1,200,376). 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.

AVARAE GLOBAL COINS PLC  
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**Notes to the Financial Statements for the year ended 31 March 2020**

**(8) Trade and other receivables**

	<i>As at</i> <i>31-Mar-20</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-19</i> <i>£'000</i>
Trade receivables	7	-
Other receivables	5	6
Prepaid expenses	10	11
	22	17

**Analysis of trade receivables (debtor days)**

	<i>&lt;30</i>	<i>31 – 60</i>	<i>61 -90</i>	<i>&gt; 90</i>	<b>Total Gross</b>	<b>ECL</b>	<b>Total Net</b>
2020	7	-	-	-	7	-	7
2019	-	-	-	-	-	-	-

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The Company measures ECL based on historical data available to management in addition to current and forward-looking information utilising managements knowledge of their customers. Management have assessed that there is no ECL arising in the year to 31 March 2020 (2019: £nil).

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

**(9) Trade and other payables**

	<i>As at</i> <i>31-Mar-20</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-19</i> <i>£'000</i>
Trade payables	5	5
Accrued expenses	20	19
	25	24

All payables are due within one year.

## Notes to the Financial Statements for the year ended 31 March 2020

### (10) 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. 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 2020 £'000</i>	<i>Carrying amount 2019 £'000</i>
Trade receivables	7	-
Cash at bank	108	822
	<hr/>	<hr/>

The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies.

## Notes to the Financial Statements for the year ended 31 March 2020

### (10) Financial instruments and risk (continued)

#### *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 7, the coin portfolio is classified as level 2 in the fair value hierarchy.

In accordance with IFRS 13, 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/trade and other 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-20</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-19</i> <i>£'000</i>
<b>Level 1:</b>		
Cash and cash equivalents	108	822
	<hr/>	<hr/>
<b>Level 2:</b>		
Coin Portfolio	929	1,377
	<hr/>	<hr/>
<b>Level 3:</b>		
Trade and other receivables	22	17
Trade and other payables	25	24
	<hr/>	<hr/>

#### *Capital Disclosures*

The Company monitors capital which comprises all components of equity (i.e. share capital, share premium and retained earnings).

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders; and
- to provide an adequate return to shareholders by pricing coins commensurately with the level of risk.

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**Notes to the Financial Statements for the year ended 31 March 2020**

**(11) Share capital**

	2020 Number	2020 £'s	2019 Number	2019 £'s
<b>Authorised</b>				
Ordinary Shares of £0.01 each	200,000,000	2,000,000	200,000,000	2,000,000
<b>Allotted, called up and fully paid</b>				
At 1 April	13,000,000	130,000	25,305,108	253,051
Purchase of own shares for cancellation	(6,500,000)	(65,000)	(12,305,108)	(123,051)
As at 31 March	6,500,000	65,000	13,000,000	130,000

During the year ended 31 March 2020, the Company carried out a single tender offer for a repurchase and subsequent cancellation of its ordinary share capital.

In December 2019, the Company purchased 6,500,000 ordinary shares at 16.0p each for a total consideration of £1,040,000 for cancellation.

Each share in the Company confers upon the shareholder:

- the right to vote at a meeting of the shareholders or on any company resolution of shareholders;
- the right to an equal share in any dividend paid by the Company; and
- the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

**(12) 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>31-Mar-20</i> <i>£'000</i>	<i>As at</i> <i>31-Mar-19</i> <i>£'000</i>
Cash on hand and balance with bank	108	822

## Notes to the Financial Statements for the year ended 31 March 2020

### (13) Related party transactions

Rosaline Melia is a director of Cayman National Trust Company (“Cayman”), the Company’s administrator in the Isle of Man. The Company incurred administration fees of £19,000 (2019: £21,500) from Cayman during the year, in addition to which, a further £5,000 (2019: £3,333) was in respect of the annual responsibility fee, which covers the provision of resident statutory services.

Matthew Wood is a director of ONE Advisory Limited (“ONE”). Fees for financial, corporate, accounting and investor relations services of £62,006 (2019: £61,536) were invoiced by ONE during the year ended 31 March 2020. Of this amount, £4,400 was incurred by the Company with respect to the December 2019 tender offer (2019: £4,000). As at 31 March 2020, £3,660 was owing to ONE (2019: £5,298).

Matthew Wood’s services to the Company are supplied through ABT Associates Limited which invoiced the Company £14,700 (2019: £14,700) for services during the year under review.

In addition to his director’s fees of £12,600 (2019: £12,600), Clement Chambers received £3,150 (2019: £3,150) to sit on the Company’s numismatic advisory panel.

Mr Ian Goldbart, who is a substantial shareholder of the Company, owning 12.62% of the Company’s issued share capital at the year-end is also the majority shareholder and a director of Sovereign Rarities Limited (“Sovereign”), a numismatic trading company engaged by the Company. The majority of the Company’s sales of £0.5 million in the year ended 31 March 2020 were either to Sovereign directly or to numismatists or coin dealers introduced by Sovereign. The Company sold coins to Sovereign during the year to the value of £430,351 (2019: £996,083). As at 31 March 2020, Sovereign owed the Company £7,125 (2019: £Nil). Any introductory fees or commissions receivable by Sovereign for these introductions, in line with the industry’s standard practices, were arranged directly between Sovereign and the relevant buyers.

Commission due to Sovereign for sales to third parties introduced by Sovereign totalled £10,675 (2019: £74,536) for the year ended 31 March 2020, all of which had been paid to Sovereign at the date of this report.

At the end of each financial year, the individual coin values are independently assessed and approved by the Company’s Advisory Panel (“Panel”) in the revaluation exercise. The members of the Panel are Sir John Wheeler and Clement Chambers. It is the Directors intention that coins sold by Avarae, including those to Sovereign, are sold at or above their respective revalued amount.

## **Notes to the Financial Statements for the year ended 31 March 2020**

### **(14) Commitments under operating leases**

At 31 March 2020, the Company had no commitments under operating leases (2019: £nil).

### **(15) Capital commitments**

At 31 March 2020, the Company had no capital commitments (2019: £nil).

### **(16) Subsequent events**

The outbreak of COVID-19 creates new and unpredictable challenges. The current method by which the business operates makes it well placed to continue as normal without disruption and with no increase in operational risk and to continue operating as a going concern.

Management do not consider it possible to quantify the true impact of COVID-19 on the business at this time but remain confident that the business can adjust to the challenges it presents.

There are no other subsequent events that the Directors believe need disclosure.

### **(17) Dividends**

Due to the Company's ongoing strategy to return cash to shareholders by way of a tender offer, the Board does not recommend the payment of a dividend in respect of the year under review. The dividend policy adopted by the Board will be reviewed again during the current financial year.

### **(18) Contingent Liability**

The Company intends to divest all remaining stock and liquidate the Company upon Shareholder approval. As there is only a possible rather than probable chance of this occurring in the next financial period, no provision for the liquidation fees have been accrued in the accounts.