CURRENCY (COINS)

By Paul Tompkins

Requirements

1) Relate briefly **the story of barter**, showing 3 reasons why money came into being and naming at least 10 unusual forms of money used in place of currency.
2) Relate briefly the **history of coinage and/or paper currency in your country**, making sure to mention the dates of the establishment of any mints or engraving plants. Also, discover some changes made in metals or designs, giving any interesting highlights concerning such changes.
3) Explain **how money is distributed** by the government in your country.
4) D**efine** any of the following **terms** as they may apply to your country's monetary system: alloy, cast coins, clad coinage, commemorative, die, field, inscription, lettered edge, observe, reeded edge, reverse, series, overprint, counterfeit proofing, magnetic strip, florescent ink, inflation controls

Requirements

5) Describe the obverse and reverse for paper money of the six lowest denominations currently in use in your country.

6) Know how coins are graded in quality by collectors.

7) Have a coin or notes from 10 different countries. Describe what is on each, give the names of any people or objects portrayed on them, and give the dates for them whenever possible.

8) Do one of the following:

a. Collect at least five coins or notes from your country that are no longer in circulation.

b. Collect a date series of coins from your country beginning with your birth year (expensive and rare coins need not be included)

1) The Story of Barter

WHAT IS A BARTER SYSTEM?

A barter system is an old method of exchange. This system has been used for centuries and long before money was invented. People exchanged services and goods for other services and goods in return. For example, a farmer may exchange a bushel of wheat for a pair of shoes from a shoemaker.

HISTORY OF BARTERING

The beginning of the barter trade originated at the time human societies began to develop, and continues to exist in some societies today. According to a number of resources, barter trade was introduced by Mesopotamia tribes, and subsequently adopted by Phoenicians. Phoenicians bartered goods to those located in various other cities across oceans. Babylonians also developed an improved bartering system.

EARLY MONEY

Before money was invented, people were quite happy making, doing, and growing things for one another. In small communities, they could largely remember the payments and receipts of what was exchanged. Keeping tabs or tallies of these exchanges helped with the key requirement, which was to record who had been paid and who were still owed.

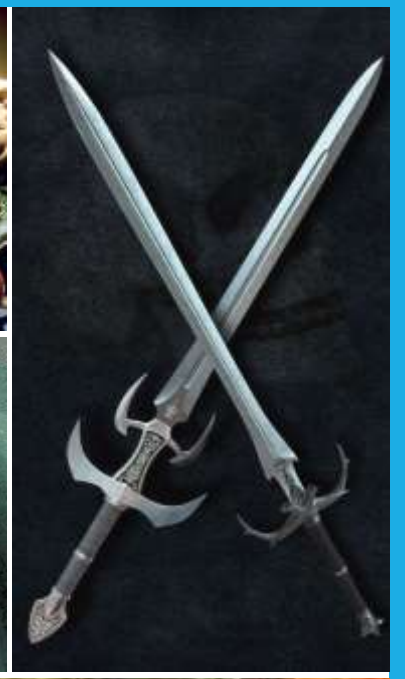
But as **communities grew**, the **exchanges became more and more numerous**. And as people created things for the common good and rulers began to impose taxes, the **accounting was increasingly hard to keep track of**.

People started to use objects, such as whale's teeth, **as a kind of IOU** *(a signed document acknowledging debt).* This intermediate step in exchange process meant that people were free to trade with anyone, and they could even store up purchasing power for later use with their retradeable IOU tokens. So at the same time that humans invented money, they'd also invented debt.

FORMS OF MONEY USED IN PLACE OF CURRENCY

Goods were exchanged for:

- **Food**
- **Tea**
- **Weapons**
- **Spices**
- **Salt** *(salt was so valuable that Roman soldiers' salaries were paid with it*)
- **Rings & Jewellery** *(It is believed that the biblical reference to money in Deut 14:25 is a reference to the ancient Egyptian ring bartering system)*



- **Stones** (e.g. Rai stone)
- **Cattle** (cows, sheep, camels etc)
- At times, **human skulls** were used as well.
- In the Middle Ages, Europeans travelled around the globe to barter **crafts** and **furs** in exchange for **silks** and **perfumes**.
- Colonial Americans exchanged **musket balls**, **deer skins**, and **wheat**.

The Story of Jacob & Esau

Esau selling his birthright for a pot of stew.

Gen 25:29-33.

Was this the most ill advised barter ever made?

METAL MONEY

Once people started using money to facilitate trade, whether in the form of shells, barley, feathers, or whale's teeth, some **useful characteristics of money** become apparent:

- Barley, for example, is heavy to carry, so not portable or even durable.
- Whale's teeth are hard to split into two, so not easily divisible.
- Shells can be picked up on any beach, so not exactly scarce.
- And if the token standing of money doesn't have much intrinsic value, like feathers, it's hard to trade outside your immediate community.

Another **noticeable feature of money** was that having a lot of it made you powerful, and power could get you a lot of it. So kings hit on the idea of minting coins from precious metals, stamping them with an emblem that guaranteed their weight and value. The first region of the world to use an industrial facility to manufacture coins that could be used as currency was in Europe, in the region called Lydia (modern-day Western Turkey), in approximately 600 B.C.

Metal money ticked all the money boxes. And because it had intrinsic value, it could be used to trade with other communities.

But the success of metal money brought temptation, and sovereigns soon realized that by slimming down the coins, or slipping cheaper base metals into the mix, they could make money by circulating debased currency worth less than face value.

2) History of coinage in the UK

The first **coins** used in **Britain** were Gallo-Belgic staters imported from overseas as the result of trade between the celtic tribes in **Britain** and Gaul in the middle of the second century BC. Shortly thereafter, **coins** began to be produced domestically. … In its place came Roman **coins**, minted in the name of the Emperor.

Earliest Coins

- The earliest Celtic coins produced in Britain were crude cast potin (an alloy of bronze and tin) specimens issued in Kent at the very end of the **second century** before Christ. By about 70 BC gold and silver coins modeled after the Staters of Gaul were also issued.

- The Earliest coin found in the UK is believed to be dated about 211 BC,

found in Hallaton, Leicestershire (2010),with about 500 other coins.

Today the Royal Mint (RM) is the world's leading export mint, making **coins** and medals for an average of 60 countries every year. However, its first **responsibility** is to make and distribute **United Kingdom coins** as well as to supply blanks and official medals.

The Royal Mint

- The Royal Mint is a government-owned mint that produces coins for the United Kingdom. Operating under the legal name The Royal Mint Limited, the mint is a limited company that is wholly owned by Her Majesty's Treasury and is under an exclusive contract to supply all the nation's coinage

- The Royal Mint was first established in 886 AD in London (from 1279 a single mint was established in the Tower of London). In 1968 the Royal mint was moved to llantrisat in Wales.
- In **Scotland** three banks **print** their own notes: Bank of **Scotland**, Royal Bank of **Scotland** and Clydesdale Bank.

Pre Decimal Coins

- The values of *pre-decimal coinage* went from ¼ d to 5 shillings and higher amounts were banknotes. The names of the *coins* were (in ascending order) farthing, half penny, penny, threepence, sixpence, shilling, florin, half crown and crown.

- 1 **shilling** equalled twelve **pence** (12d). **There were** 240 **pennies** to a pound because originally 240 silver **penny coins** weighed 1 pound (1lb). … An amount such as **12**/6 **would** be pronounced 'twelve and six' as a more casual form of 'twelve **shillings** and sixpence'. Pennies were, confusingly, abbreviated to 'd'. This is because the Latin word for this coin was '**denarius**'.

- Decimalisation day was 15 February 1971

Circulating Coinage

Denomination	One penny	
Obverse	Queen Elizabeth II	
Reverse	Crowned portcullis with chains "New Penny" (1971–1981) "One Penny" (1982–2008) Segment of the Royal Arms (2008–present)	
Diameter	20.3 mm	
Thickness	1.52 mm	1.65 mm
Mass	3.56 g	
Composition	Bronze (97% copper, 2,5% zinc, 0,5% tin)	Copper-plated steel
Edge	Smooth	
Introduced	1971	1992

Denomination	Two pence	
Obverse	Queen Elizabeth II	
Reverse	Plume of ostrich feathers within a coronet "New Pence" (1971–1981) "Two Pence" (1982–2008) Segment of the Royal Arms (2008–present)	
Diameter	25.9 mm	
Thickness	1.85 mm	2.03 mm
Mass	7.12 g	
Composition	Bronze	Copper-plated steel
Edge	Smooth	
Introduced	1971	1992

Denomination	Five pence	
Obverse	Queen Elizabeth II	
Reverse	Crowned thistle	Segment of the Royal Arms
Diameter	18 mm	
Thickness	1.7 mm (cupronickel)	1.89 mm (nickel-plated steel)
Mass	3.25 g	
Composition	Cupronickel (3:1) 1990–2011	Nickel-plated steel 2012–Present
Edge	Milled	
Introduced	1990	2008

Denomination	Ten pence	
Obverse	Queen Elizabeth II	
Reverse	Crowned lion	Segment of the Royal Arms
Diameter	24.5 mm	
Thickness	1.85 mm (cupronickel)	2.05 mm (nickel-plated steel)
Mass	6.5 g	
Composition	Cupronickel (3:1) 1992–2012	Nickel-plated steel 2012–Present
Edge	Milled	
Introduced	1992	2008

Denomination	Twenty pence	
Obverse	Queen Elizabeth II	
Reverse	Crowned Tudor Rose	Segment of the Royal Arms
Diameter	21.4 mm	
Thickness	1.7 mm	
Mass	5 g	
Composition	Cupronickel (5:1)	
Edge	Smooth, Reuleaux heptagon	
Introduced	1982	2008

Denomination	Fifty pence		
Obverse	Queen Elizabeth II		
Reverse	Britannia and lion	Various commemorative designs	Segment of the Royal Arms
Diameter	27.3 mm		
Thickness	1.78 mm		
Mass	8 g		
Composition	Cupronickel (3:1)		
Edge	Smooth, Reuleaux heptagon		
Introduced	1997	1998	2008

Denomination	One pound
Obverse	Queen Elizabeth II
Reverse	Rose, leek, thistle, and shamrock encircled by a coronet
Diameter	23.03–23.43 mm
Thickness	2.8 mm
Mass	8.75 g
Composition	Inner: Nickel-plated alloy Outer: Nickel-brass
Edge	Alternately milled and plain
Introduced	28 March 2017

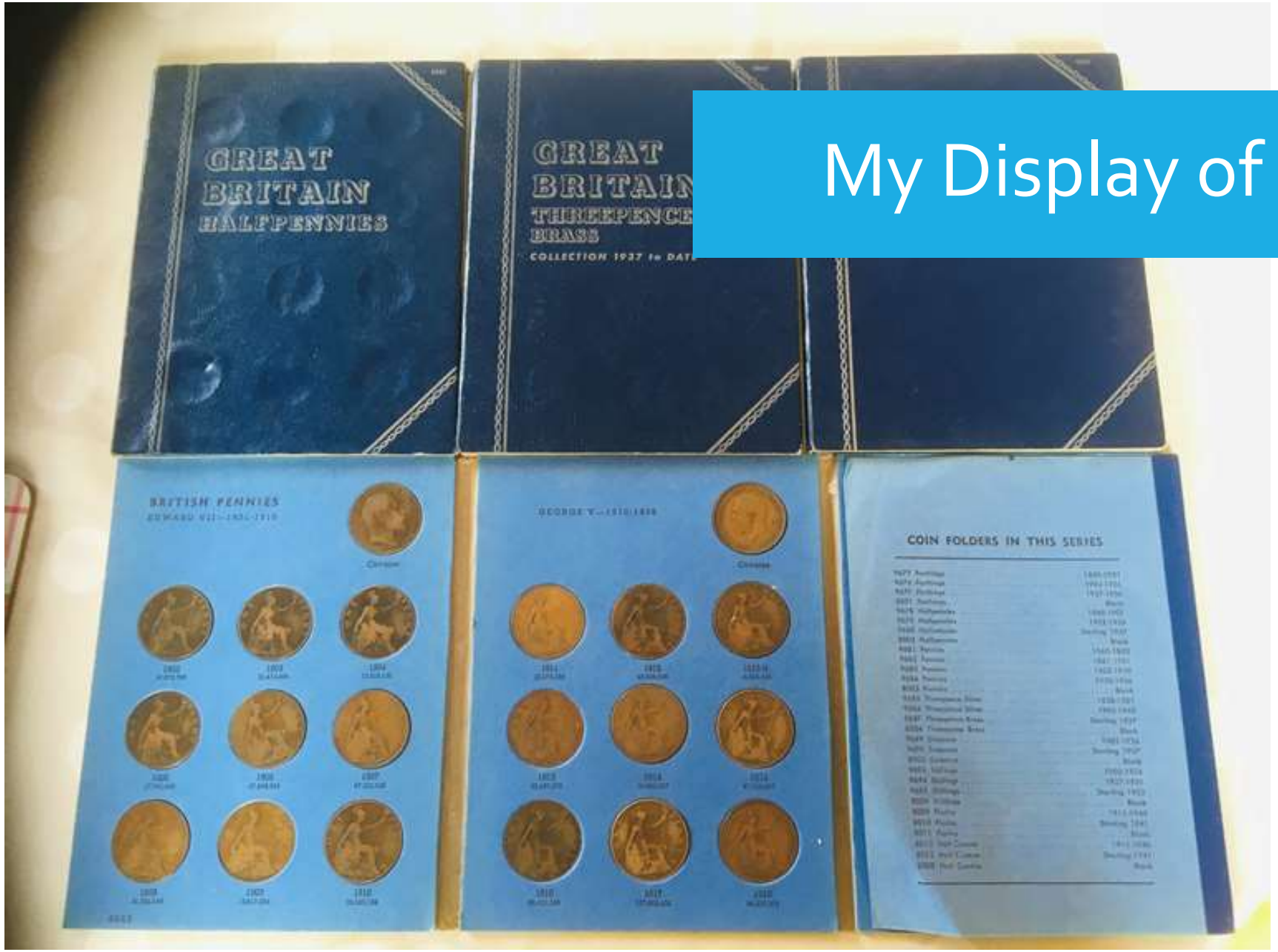
Denomination	Two pounds
Obverse	Queen Elizabeth II
Reverse	Design by Bruce Rushin and various commemorative designers since 1999
Diameter	28.4 mm
Thickness	2.5 mm
Mass	12 g
Composition	Inner: Cupronickel Outer: Nickel-brass
Edge	Milled with variable inscription and/or decoration
Introduced	1997 (issued 1998)

Coins in Circulation

(Estimated as at March 2016)

Denomination	No of pieces (millions)	Face value (£m)
Two pounds	479	957.036
One pound	1,671	1,671.328
Fifty pence	1,053	526.153
*Twenty-five pence	81	20
Twenty pence	3,004	600.828
Ten pence	1,713	171.312
Five pence	4,075	203.764
Two pence	6,714	134.273
One penny	11,430	114.299
TOTAL	**30,139**	**4,643.658**

My Display of British Coins



Begin Your Collection

- I started collecting coins as a young boy.
- My collection was of pre-decimal British Coins.
- These are coins before 1971

The £1 Note in My Collection

- Each Bank Note has a different serial number – we are all unique too.
- Each £1 note is worth the same whether it is brand new or old like this one. We are all worth the same to God.
- You can tell it is genuine by the special marks – we are special too as Christian boys and girls.

The Parable of the Lost Coin

(Luke 15: 8-10)

What can we learn from this story?

- What is Jesus' point in this story?
- I recently lost some coins from my collection – I was so happy when I found them again.
- "Rejoice with me I have found my lost coin." Coins are important but so are you – **you are priceless to God!**

3) Money distribution in the UK

Over 26,000 million coins are estimated to be in **circulation** in the **United Kingdom**. ... These **cash** centres, in turn, distribute coins to local branches of banks and post offices in order to satisfy demand from business customers and members of the public.

Let's take a look at the role of the Royal Mint and how this money is distributed.

New Coins and Public Demand

Cash Centres

- The *Royal Mint* issues new coins *to* a small number of cash centres which are operated on behalf of the major banks and post offices. These cash centres, *in* turn, distribute coins *to* local branches of banks and post offices *in* order *to* satisfy demand from business customers and members of the public.

Public Demand

- **In** the **UK**, the amount of notes and coins **in circulation**, i.e. **currency**, **is** determined by public demand. At Christmas, **for** example, more notes and coins **are** needed by the public as they withdraw **cash** from their bank accounts (though the **money** must be **in** their account, whether through a deposit or a loan).

Tax and Money Distribution

- **In the year 2019/20** the following was raised through Taxation.

Income Tax – 193 billion

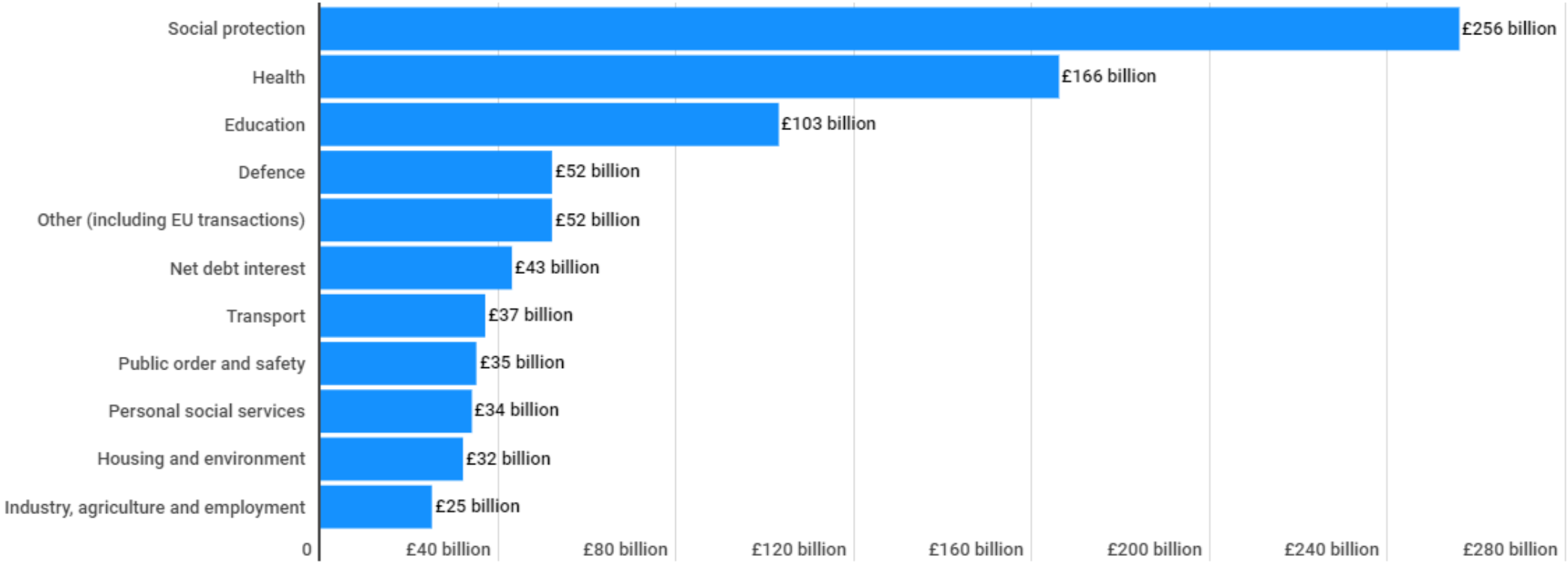
VAT – 156 billion

National Insurance – 142 billion

Other taxes – 89 billion

Income tax was first implemented in Great Britain by William Pitt the Younger in his budget of December 1798 to pay **for weapons and equipment** in preparation for the Napoleonic Wars. This was in addition to the **window tax** that was introduced in 1696 (a property tax based on the number of windows in a house). This was seen as a means of generating revenue for the King relative to individual wealth.

UK PUBLIC SPENDING
2019/2020



Sources: https://www.gov.uk/; https://www.ons.gov.uk/

4) Terms that apply to UK's monetary system

ALLOY - An alloy is a combination of two or more elements, at least one of which is a metal, and where the resulting material has metallic properties. The resulting metallic substance usually has different properties (sometimes significantly different) from those of its components. Nearly all coins are made of alloys.

The **three main alloys used in the manufacture of coins** are:

- nickel-brass (mainly copper, with zinc and nickel),
- cupronickel (mainly copper, with nickel), and
- bronze (mainly copper, with zinc and tin).

Copper and its alloys can be easily made into coins, and also show good resistance to corrosion. Additionally, they are also natural antimicrobial materials, due to their toxic effect on moulds, viruses & fungi, a characteristic which is highly beneficial considering that currency changes hands frequently.

Until recent years, copper was also chosen due to its relative cheapness. However, as its wide range of applications has increased demand, the price of copper has risen in recent years, to the point where some low value coins have become worth less in monetary terms than their copper content. As a consequence, several British coins have undergone changes in composition since their introduction, in order to minimise copper content.

COMPOSITIONS OF UK COINS

OUTER RING

COPPER	76%
ZINC	20%
NICKEL	4%

INNER CIRCLE

75%	COPPER
25%	NICKEL

PRE-2017

COPPER	70%
ZINC	24.5%
NICKEL	5.5%

POST-2017

In 2014, the Royal Mint announced a new £1 coin specification, proposed to enter circulation in 2017 to combat counterfeiting. 3% of all current £1 coins are estimated to be counterfeit. The new £1 will be bi-metal and twelve-sided. The precise metal composition is yet to be determined.

CURRENT COMPOSITION

COPPER	75%
NICKEL	25%

CHANGE IN SIZE

After a review of coinage in 1994, the UK government decided a smaller 50p was required. This coin was then introduced in 1997. The diameter was reduced from 30mm to 27.3mm; however, the metal composition of the coin remained identical.

CURRENT COMPOSITION

COPPER	84%
NICKEL	16%

The 20p has not undergone any changes in composition or size since it first entered circulation in 1982. Due to a minting error in 2008, around 250,000 coins were produced without a date. These coins remain legal tender.

PRE-2011

COPPER	75%
NICKEL	25%

POST-2011

Change to nickel-plated steel

94%	MILD STEEL (IRON, CARBON & MANGANESE)
6%	NICKEL

PRE-1992

COPPER	97%
ZINC	2.5%
TIN	0.5%

POST-1992

Change to copper-plated steel

94%	MILD STEEL (IRON, CARBON & MANGANESE)
6%	COPPER

CAST COINS – Coins which are made by pouring a molten alloy into a mold. From as early as 100 BC, cast potins circulated in Kent till around 50BC**.**

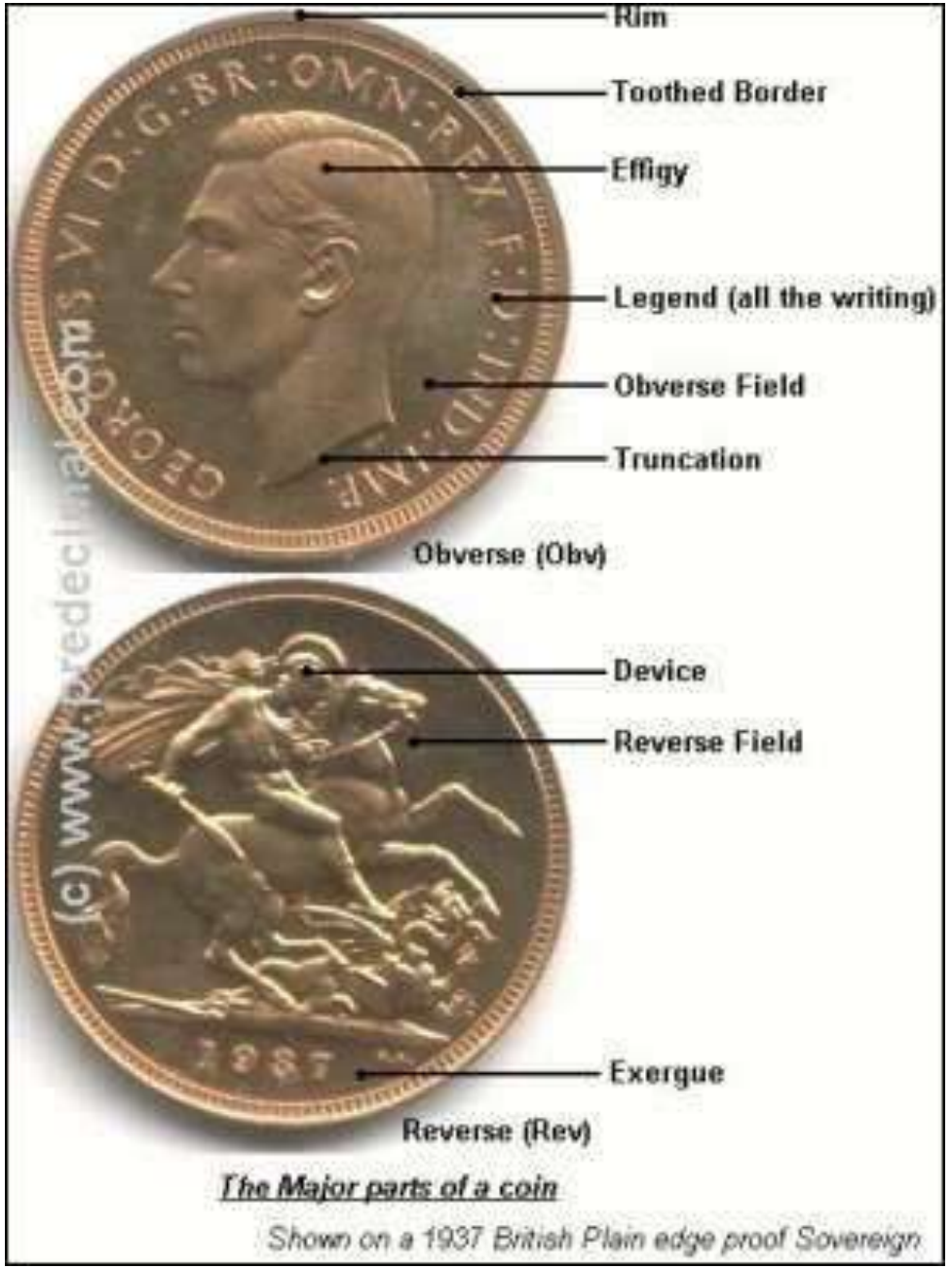
CLAD COINAGE – Coins made of layers, like a metal sandwich.

COMMEMORATIVE – Commemorative coins are legally issued coins with a design intended to commemorate or draw attention to some event or person. They are so called to distinguish them from regular issue coinage.

In recent years, demand for commemorative and collectable coins has grown each year, The Royal Mint selects themes of historical and popular importance for its collection of commemorative coins, helping to add a special sense of occasion to every event.

DIE – An engraved tool used for stamping a design onto a coin. This metallic object bears a negative image that is used to strike coins with heavy force and impart its design on the coin in the positive. Coins all need 2 dies, one for the Obverse and one for the Reverse.

FIELD - The field is the background—the part of the coin that shows no picture or words. This is the blank flat part where no design or lettering is present.



INSCRIPTION – An inscription is any letter, word, or phrase pressed into the surface of a coin.

LETTERED EDGE - The words on the edge of a coin. A modern example is the edge of British old One pound coin. The timeless quote "Remember, remember the fifth of November" has been found with various combinations of Pemember, Pemembep, Novemebep and so on. The common factor here is the 'R' which appears as a 'P'.

MINT MARK – Any kind of mark put on a coin when struck to indicate usually the place of striking, the person in charge of striking it, the company responsible or even the die type used. The best British examples are some of the Pennies of George V which have either an 'H' or 'KN' next to the date to indicate they were not struck at the Royal mint. (See Heaton Mint and Kings Norton mint)

Can anyone find the mint mark for this coin?


ONE
POUND
HM Treasury
ONE POUND

OBVERSE – The front side of currency or a coin (often called "heads" on a coin).

REEDED EDGE - The reeded edges still found on many coins (always those that were once made of gold or silver, even if not so now) were originally designed to show that none of the valuable metal had been shaved off the coin. These show up as ridges along the edge of the coin.

REVERSE - The back side of currency or a coin (often called "tails" on a coin). Technically, it's the side of the coin that is face down when the coin is struck but usually (and correctly) used to describe the 'Tail' side which doesn't have the monarch on it and is usually considered of less importance than the 'Head'.

SERIES - The name given to a date run of usually identical coins. For example the Edward VII Penny series consists of the dates 1902-10 inclusive.

OVERPRINT – An overprint is an additional layer of text or graphics added to the face of banknote after it has been printed.

COUNTERFEIT PROOFING – Advances in technology have created some of the most sophisticated measures to ensure the currency is counterfeit-proof. This has sadly kept counterfeiters busy trying to create their own advances.

MAGNETIC STRIP - A metallic thread embedded on currency. This may show up as a dashed silver strip that runs from the top to the bottom just off centre of the note.

FLUORESCENT INK - Also called day glow or neon inks, fluorescent inks are fun to use as they are so luminous! Scientifically, they work by absorbing UV light and then emitting the light to be visible to the naked eye. Under UV light, these inks exhibit a neon glow.

INFLATION CONTROLS - Are the measures and monitory policies that limit the general increase in the prices of goods and services in a country.

British Money

1p

2p

5p

10p

20p

50p

£1.00

£2.00

£5.00

£10.00

£20.00

£50.00

How are Coins Graded

- **Coin grading** is the process of determining the **grade** or condition of a **coin**, one of the key factors in determining its value. A **coin's grade** is generally determined by five criteria: strike, preservation, luster, colour, and attractiveness.

The 70-Point Coin Grading Scale

- When numismatists grade coins, they are assigned a numeric value on the Sheldon Scale. The Sheldon Scale ranges from a grade of Poor (P-1) to Perfect Mint State (MS-70). Originally coins were graded using adjectives to describe the condition of the coin (Good, Fair, Excellent, Etc.). Unfortunately, coin collectors and coin dealers had differing interpretations of what each one of these words meant.

Worksheet

- Please see the 7 Questions on the Currency Worksheet
- Some answers you can fill in from this presentation.
- For others you will need to start collecting for yourself using the currency of your country..
- Coin and note collecting is fun, informative and you too could become a Numismatist (coin collector). Start small and enjoy your collecting.

Finally
Give Unto Caesar What Is Caesar's and Unto God What is God's

Matthew 22:21

God First

Jesus said "Render to **Caesar** the things that are **Caesar's**; and to God the things that are God's."

"When they heard this they marvelled."