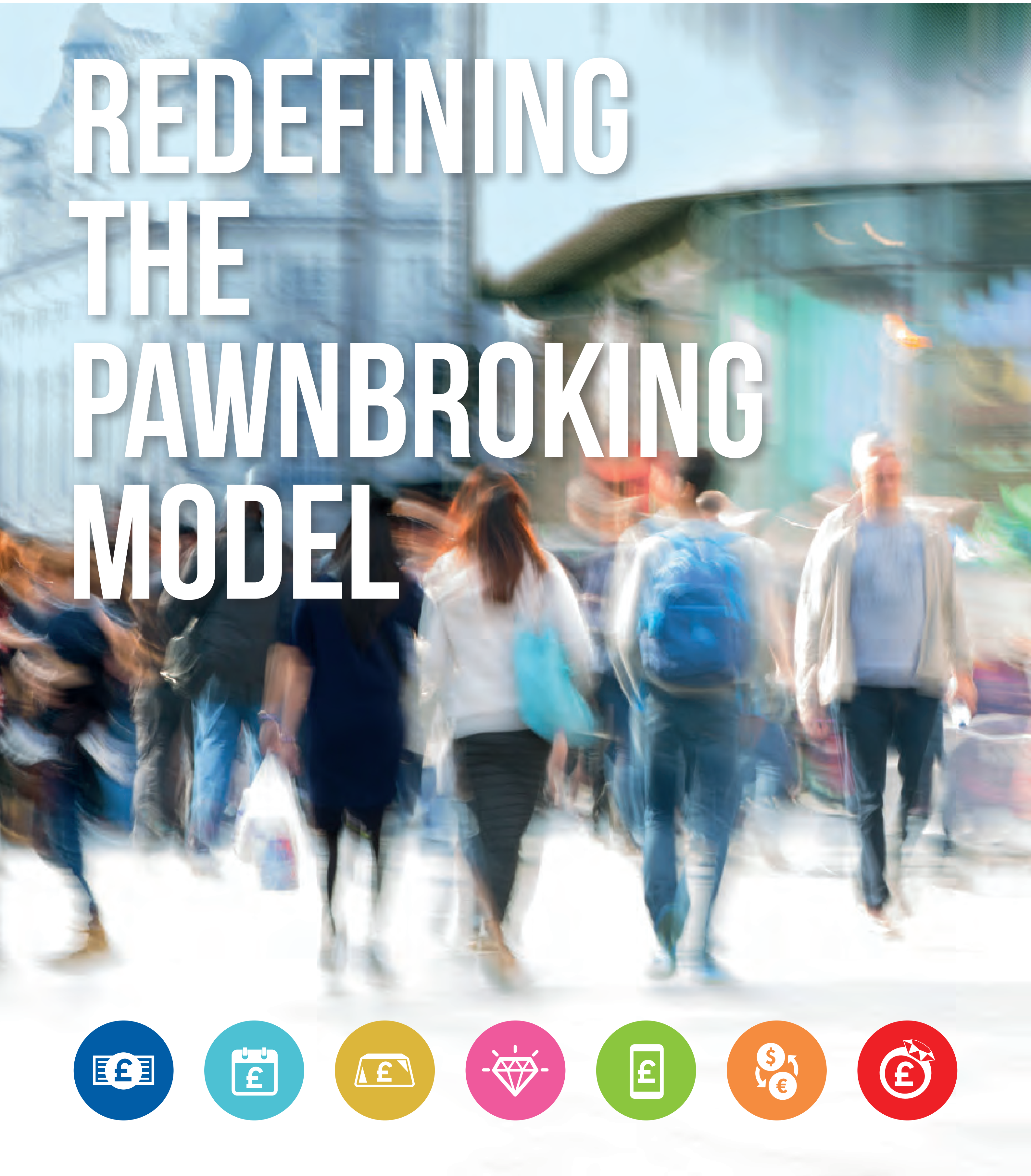
Annual Report and Accounts 2016

The UK's leading pawnbroker

H&T GROUP PLC

REDEFINING THE PAWNBROKING MODEL



H&T provides a range of simple and accessible financial products tailored for a customer base which has limited access to, or is excluded from, the traditional banking and finance sector

Pawnbroking
Pawnbroking loans are secured on an item of value with a term of up to six months.

Personal Loans
Loans from £50 to £2,000 over any term of up to two years.

Jewellery Retail
H&T offer a unique range of new and second-hand jewellery and watches.

Gold Purchasing
Gold Purchasing is a simple way for customers to use their unwanted gold to raise some cash.

Foreign Exchange
Highly competitive rates and with no commission charges.

Buyback
Raise cash from electronic items such as phones, tablets, laptops and game consoles.

Cheque Cashing
Get cash for cheques in a few minutes, rather than banking the cheque.

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To the members of H&T Group plc

CAUTIONARY STATEMENT

The Strategic Report on pages 1 to 17 has been prepared solely to provide information to shareholders to assess how the Directors have performed their duty to promote the success of the Company.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to H&T Group plc and its subsidiary undertaking when viewed as a whole.

THE STRATEGIC REPORT DISCUSSES THE FOLLOWING AREAS:

- BUSINESS OVERVIEW P4
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Highlights

FINANCIAL OVERVIEW

£54.8m	£13.1m	£9.7m	20.88p	9.2p	5.3p
GROSS PROFIT	EBITDA	PROFIT BEFORE TAX	DILUTED EPS	PROPOSED DIVIDEND PER SHARE	PROPOSED FINAL DIVIDEND
(2015: £47.5m)	(2015: £10.7m)	(2015: £6.8m)	(2015: 14.86p)	(2015: 8p)	(2015: 4.5p)

KEY PERFORMANCE INDICATORS

NUMBER OF STORES
181 stores (2015: 189 stores)

2012	186
2013	194
2014	191
2015	189
2016	**181**

PLEDGE BOOK (£m)
£41.3m Up 5.9% (2015: £39.0m)

2012	51.6
2013	44.1
2014	38.5
2015	39.0
2016	**41.3**

REDEMPTION OF ANNUAL LENDING (%)
83.0% (2015: 83.4%)*

2012	75.6
2013	77.8
2014	82.8
2015	83.4
2016	**83.0**

RETAIL SALES (£m)
£30.5m (2015: £29.5m)

2012	20.1
2013	24.9
2014	30.9
2015	29.5
2016	**30.5**

RETAIL MARGIN (%)
36.8% (2015: 35.0%)

2012	49.0
2013	39.8
2014	34.6
2015	35.0
2016	**36.8**

GOLD PURCHASE MARGIN (%)
26.2% (2015: 15.1%)

2012	23.3
2013	19.5
2014	17.9
2015	15.1
2016	**26.2**

* This is the actual percentage of lending in each year which was redeemed or renewed, the 2016 figure is an estimate based on recent trend and early performance.

OPERATIONAL HIGHLIGHTS

- Personal Loans grew with the net loan book increasing 123.8% from £4.2m to £9.4m
- Gross pledge book increased 5.9% to £41.3m (2015: £39.0m)
- Development of larger, lower-cost Personal Loans and implementation of a high-street brokerage opportunity
- Buyback volume grew 41.7% from £6.0m to £8.5m as a result of further systems improvements
- FX gross profits increased 92.9% to £2.7m (2015: £1.4m)

SERVICE PERFORMANCE

- **CUSTOMER SATISFACTION SURVEY**
  During 2016, we conducted an in-store satisfaction survey where customers were asked to rate, on a scale of 0-10, how likely they are to recommend H&T to a friend or family member. Of the 1,947 responses received, 81% provided a rating of 10, and 98% gave a rating of 7 or above.

For more information go to our website **www.handt.co.uk**

Chairman's Statement

The Group has made good progress in developing its products to address the changing consumer and regulatory environment. The business has strengthened over the last three years to deliver a platform for growth.

INTRODUCTION
The demand for small sum short-term loans remains strong. We have increased the Pawnbroking loan book and the growth in Personal Loans is a particular success. We now need to see evidence that this is a profitable growth strategy.

In addition, the expansion in related services such as FX and Buyback widens our appeal and provides an increasingly significant source of profits. These alternative services also provide a measure of flexibility as market changes take place.

During 2016, the currency volatility in connection with the US election result and Brexit has assisted the gold price, which has improved the margin on sales of scrap gold.

FINANCIAL PERFORMANCE
The Group delivered profit after tax of £7.6m (2015: £5.4m) and diluted earnings per share of 20.88 pence (2015: 14.86 pence). Subject to shareholder approval, a final dividend of 5.3 pence per ordinary share (2015: 4.5 pence) will be paid on 2 June 2017 to those shareholders on the register at the close of business on 5 May 2017. This will bring the full year dividend to 9.2 pence per ordinary share (2015: 8.0 pence).

The Group's financial position is strong with net debt of £5.4m at 31 December 2016 (31 December 2015: £2.1m) and headroom of £15m on its borrowing facilities.

REGULATION
The consumer credit activities of the Group are regulated by the Financial Conduct Authority (FCA), from which the Group obtained authorisation on 11 February 2016, with specific rules governing high-cost short-term credit (HCSTC). The FCA implemented an interest rate cap for HCSTC in 2015 and have committed to reviewing the effectiveness of the cap in the first half of 2017.

We have designed our Personal Loans so that all are below the current cap; in reality, the vast majority are significantly lower than the cap. We therefore believe that this review will have a limited impact on our business.

STRATEGY
We are developing a range of products and services that address customers' need for short-term cash. We have expanded distribution through online, mobile and broker channels. This increased origination has also brought benefits to the store estate. The investments in retail merchandising and inventory have also begun to deliver value and we are further improving the presentation of our business though brand development.

PROSPECTS
There is some easing of the competitive environment; the wider economic uncertainty and fall in the value of sterling is supporting the gold price and, as such, demand for our products is strong. The Group is well positioned to take advantage of these conditions with a diverse set of products, developing distribution channels and consumer recognition.

On behalf of the Board and our shareholders, I would like to thank everyone at H&T for their hard work and dedication over the last year.

Peter D McNamara

PETER D MCNAMARA
Chairman

Proposed Dividend Per Share

9.2p

(2015: 8.0p)

Diluted EPS

20.88p

(2015: 14.86p)

"We are developing a range of products and services that address customers' need for short-term cash. We have expanded distribution through online, mobile and broker channels."

Business overview

As at 31 December 2016, H&T was the largest pawnbroking business in the UK by size of pledge book.

H&T has existed in some form since the late 1800s and over the years has built or acquired some of the oldest and largest pawnbrokers in the UK. For example, the store in Edinburgh has operated from the same building for more than 150 years serving the same community.

On 8 May 2006 H&T floated on the AIM Market ("AIM"), providing the Group with access to new sources of finance and allowing the provision of equity-based incentivisation to employees. Since then H&T has continued its development by adding new products and services and bringing the store network to 181 at 31 December 2016.

H&T operates in a fast moving, competitive environment and will continue to succeed by focussing on customer needs, the development and retention of staff, and the development of existing and new products together with expansion in locations.

STRATEGY

"H&T will be the premier provider of alternative credit in the UK through a range of services that help our customers rebuild their credit rating and return to the mainstream".

There are three key elements to delivery of the strategy:

1. Maintain the performance of the core products and stores
2. Develop a range of credit products to serve a wider customer base
3. Enhance distribution by delivering services in store, online and through mobile devices

OUR CUSTOMER

Our loan products are often used by people who cannot access mainstream credit. There are two key reasons why our customer may not qualify for a traditional loan: they may have experienced problems in the past which resulted in missed payment or defaults on their credit file; almost half of our Personal Loan customers are aged under 35 and as such have a thin credit file or a low credit score.

Our customers often need money to meet day-to-day expenses and as such they need relatively small sums quickly; this demand can be met very effectively by our in-store products. It is possible to complete a Pawnbroking or Personal Loan in store within 30 minutes.

Customers often compare our rates against larger, well-known, short-term credit brands which is advantageous as we are often considerably cheaper.

PERSONAL SERVICE

We offer our services both online and in store and ensure that there is a member of staff available for our customers to speak to if they have any questions.

Our staff realise that each customer has different needs and use our range of products to help them find the right solution. We believe that offering customers the opportunity of face-to-face interaction in store helps build trust and understanding and delivers genuine, high quality service.

RESPONDING TO FEEDBACK

Our customer satisfaction feedback over the years has been overwhelmingly positive. Customer feedback is something we take seriously and actively encourage. Results of mystery shopper programmes and online surveys are fed directly to stores aiding them in a continuous loop of feedback and improvement.

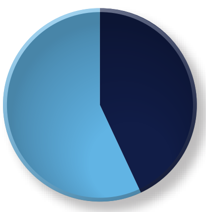
From over 1,900 independent surveys conducted in 2016, when asked the following question: "on a scale of 0-10 how likely are you to recommend H&T to a friend or family member (10 being extremely likely)?";

81% (1,577 from 1,947 responses) of the population scored us 10 out of 10.

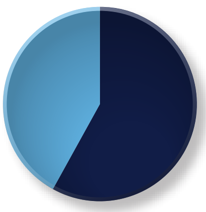
Customers rate staff knowledge, accessibility and professionalism highly. They praise staff ability to answer questions clearly and quickly as well as proactively engage with the customer early on to anticipate their needs.

CUSTOMER DEMOGRAPHICS

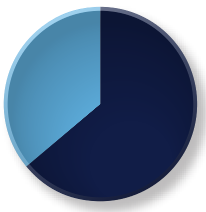
GENDER SPLIT



PAWNBROKING
Male 42%
Female 58%



PERSONAL LOANS
Male 57%
Female 43%



BUYBACK
Male 64%
Female 36%

AGE PROFILE

PAWNBROKING

18-24	5%
25-35	22%
36-44	22%
45-55	28%
56+	23%

PERSONAL LOANS

18-24	12%
25-35	32%
36-44	26%
45-55	20%
56+	10%

BUYBACK

18-24	11%
25-35	37%
36-44	25%
45-55	19%
56+	8%

CUSTOMER FEEDBACK

'The staff are all lovely, I have been a customer for years and frequently buy things. I would never even consider going anywhere else. I trust the staff here and they always look after me'

'I think H&T represents really good value for money, especially when you're looking to buy gold; I would definitely not buy gold from any other gold shop. A Merry Christmas to all the staff at the Kirkcaldy branch and thank you for making my last-minute Christmas rush that little bit less stressful – thank you'

'I would definitely recommend this and your other stores to any of my friends and family. The staff in your Rochdale branch are great role models for your company'

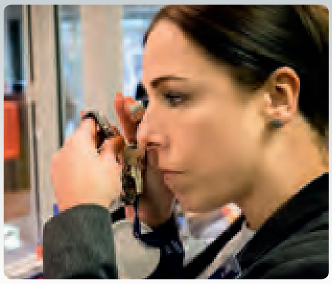
'Been visiting the Bolton store for a long while and always found staff very helpful and always very polite'

Products

H&T provide a wide range of services but at the core is the provision of money to our customer base whether through a loan or by selling an asset to us.

Pawnbroking

A pawnbroking loan is secured on an item of value with a term of up to six months. We will lend on any asset we can accurately value, typically jewellery and watches. The customer agrees on a loan amount and enters into a consumer credit agreement. The agreement is for a period of six months and the customer can redeem the goods at any point during this time providing that they repay the original loan amount plus any interest due. At the end of the contract, they also have the option to extend the loan for a further six months. If the customer chooses not to redeem or renew the loan H&T will take action to dispose of the goods. The customer has no liability to us beyond the value of the goods.



Personal Loans

H&T's Personal Loans are available in store and online. They offer flexibility on the length of loan and regular repayment amount, depending on the personal circumstances of each customer. Before issuing a loan we establish the customer's identity and complete a thorough affordability assessment. If approved, the customer enters into a consumer credit loan agreement and we will collect the repayments on the dates agreed with the customer.

Jewellery Retail

H&T offer a unique range of new and second-hand jewellery and watches sourced from our pledge book, purchased over the counter or purchased from suppliers. All H&T's jewellery is professionally cleaned, restored and valued at the Group's refurbishment centre in Kent before being re-distributed for sale at stores across the country. All of H&T's staff are trained to a high standard to help customers choose individual pieces to suit their requirements.

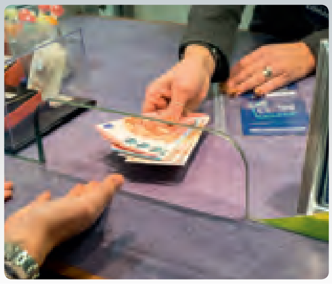
Purchasing

Purchasing is a simple way for customers to use their unwanted items, predominantly gold, to raise some cash. The process is straightforward with the store assessing the items, agreeing a price with the customer and purchasing the goods for cash on the spot. Customers can sell gold, watches, diamonds and electronics to H&T which sets us apart from other providers in the market.

STORES | ONLINE | APPS

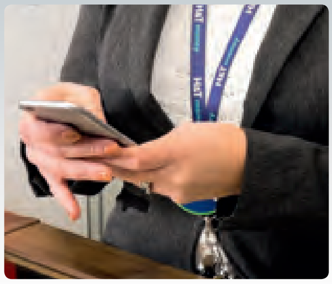
Foreign Exchange

H&T offer a foreign exchange service at highly competitive rates and with no commission charges, further establishing one of our core strengths of offering great value to the customer. Not only does offering this additional service make currency exchange easier for our customers, but we are also broadening our appeal to a new audience.



Buyback

Increasingly, a younger generation of customers are seeking the opportunity to raise cash from electronic items such as phones, tablets, laptops and game consoles. To take advantage of this new asset class, H&T has developed its Buyback offer. Customers can sell their electronic items to H&T for cash and buy the item back within 31 days. H&T restrict the types of item purchased to current models of the most popular items. This product is particularly popular with the younger generation; 48% of our customers are aged under 35.



Cheque Cashing

Cheque cashing is a service that allows customers to get cash for their cheques in a few minutes, rather than banking the cheque. Most are wage cheques, although other types such as personal, lottery, building society and Giro cheques are considered. Customers use H&T to speed up the cheque clearance (some building societies can take almost two weeks to clear a cheque) or to avoid banking the cheque into an overdrawn account. Customers are required to provide proof of identity and address in order to use the service.

Western Union

Every year millions of people worldwide trust Western Union to send money within minutes to family, friends or colleagues in other countries. Since H&T launched Western Union in 2012, it has increased transaction numbers to around 10,000 per month and introduced a new customer base to H&T.

WESTERN UNION

Developing the market

CUSTOMER RELATIONSHIP AND ENGAGEMENT

In September 2016, we launched a customer relationship programme allowing us to communicate more effectively with our existing customers via both email and SMS message, creating genuine lifetime value. This programme gives us the ability to tell our customers about our other products and services including retail promotions, rates on foreign exchange as well as when a customer may be eligible to top up their Personal Loan.

2017: AN OMNI-CHANNEL APPROACH

In 2017, the Group will continue to develop both our instore and online products to ensure, regardless of channel, the customer experience is the same. We will invest in improving all customer journeys; removing complexity and ensuring all touch points are optimised to the customer's browsing preferences (mobile, online or instore).

INSTORE

Our store estate is still our largest acquisition channel for all products. We are trialling a number of new initiatives to improve both the customer experience and to drive more customers into our store estate.

BRANDING

In late 2016, we rebranded 31 stores to H&T Money to update our image and communicate the wider proposition available in store. This test will determine whether we can attract more new customers for products such as Personal Loans and Foreign Exchange to these locations.

ONLINE

Online represents a significant opportunity for growth. In 2016 we added click and collect Foreign Exchange and raised the profile of our high-end pawnbroking service with a new website promoting our location on Old Bond St, London.

CONSULTATION AREAS

As our stores continue to process more Personal Loan applications, we are trialling a number of in-store consultation areas designed to give the customer greater privacy and comfort. As our stores differ in both size and shape, we have designed and installed three different designs which are currently being reviewed.

PERSONAL LOANS

We saw some encouraging signs of growth in 2016 for online Personal Loans. This was driven by both improved website traffic along with working closely with a select group of affiliates and brokers. The growth of online Personal Loans has also presented the stores with additional opportunity to lend, as customers who are declined online can still be serviced instore with the benefit of face-to-face underwriting along with supporting documentation.

RETAIL

Towards the end of 2016 we started seeing some improvement in online retail sales. The sales were generated from our retail website www.est1897.co.uk using a number of advertising mediums including social media such as Facebook and search engine marketing. We have seen a growing trend of customers requesting to view an online item in store prior to purchasing, which gives us an advantage over online-only retail businesses.

Chief Executive's Review

The Group has delivered a good operational performance and enjoyed the benefit of a rising gold price. These factors combined increased profit before tax by 42.6% to £9.7m (2015: £6.8m).

Our store estate of 181 stores comprises 126 H&T Pawnbrokers stores, 24 Est1897 second-hand jewellery retail stores, and 31 of our new H&T Money brand stores. During the year we have closed eight underperforming stores and expect a small number to close in 2017.

The Group has delivered significant growth in gross profits from the Personal Loans, FX and Buyback products which collectively increased by 59.2% to £7.8m (2015: £4.9m). Despite store closures, gross profits from Pawnbroking were flat and Retail was 8.7% up on 2015. The higher gold price has resulted in increased profits of £6.0m (2015: £2.4m) from Gold Purchasing and Pawnbroking Scrap activities.

The Group has improved the effectiveness of the online channel delivering 133.3% growth in the online Personal Loans with 68.4% of online applications coming through mobile devices. We intend to develop this further during 2017 having established a range of brokers who introduce applications to us.

THE MARKET

The number of high street outlets of our main competitors has reduced by approximately 40% since December 2013, but by only 5% since December 2015 as the industry adjusts to the new trading environment. The favourable gold price in 2016 has helped most operators, including H&T, and there have been no further regulatory restrictions on high-cost short-term credit.

The demand for short-term small-sum loans remains strong and we believe the Group has developed the right products and capabilities to take advantage of market conditions.

OUR STRATEGY

The Group's strategy is to serve a customer base whose access to mainstream credit is limited and for whom small-sum loans can help to address short-term financial challenges. The Group will continue to deliver this strategy by developing a range of lending products, both secured and unsecured, offered in store and online.

The development of a suite of services including Retail, Buyback and FX, improves returns and reduces the Group's exposure to gold price volatility.

We continue to innovate and explore how to interact most effectively with our customers through the development of introducer channels, our online capability and our brand.

REGULATION

THE FINANCIAL CONDUCT AUTHORITY

The regulation of Consumer Credit moved from the Office of Fair Trading (OFT) to the Financial Conduct Authority (FCA) on 1 April 2014. The Group obtained authorisation from the FCA on 11 February 2016 and we welcome the higher standards that this change will bring to our sector.

HIGH-COST SHORT-TERM COST CAP

On 1 January 2015, the FCA implemented its cap on the interest rate and charges that apply to High-Cost Short-Term Credit (HCSTC). The FCA has stated that it will review the price cap during the first half of 2017.

We have designed our Personal Loans so that all are below the current cap; in reality, the vast majority are significantly lower than the cap. We therefore believe that this review will have a limited impact on our product.

REVIEW OF OPERATIONS

The Group's total gross profits increased 15.4% to £54.8m (2015: £47.5m) principally as a result of the increase in gold price assisting Pawnbroking Scrap and Gold Purchasing and strong growth in the Personal Loans and Other Services segments.

PAWNBROKING

Gross profits from pawnbroking were stable at £28.4m (2015: £28.4m) while the gross pledge book increased to £41.3m (2015: £39.0m). The reduction in yield was the result of a changing business mix to larger loans at a lower interest rate. This shift was expected as the business explores the new "Concession" format to access a new customer base. Notwithstanding the increase in gold values, high street pawnbroking continues to be a challenging market due to lasting competition and reduced gold in circulation. The Group closed eight locations during the year resulting in the loss of £0.1m in pledge book from two of those units through sale to local operators. In addition, the Group acquired £0.1m in pledge book from four competitor locations, relocating the customers to our stores.

The Group continues to invest in expanding the expertise and service in this critical segment through development of the business in Bond Street (London) and more importantly the recruitment of a small team of highly skilled individuals to support the wider business through the Expert Eye system.

The Board believes that while there is still opportunity in Pawnbroking for H&T the market is shrinking and in order to maintain our position we must develop new channels for customer acquisition particularly through brokers and online.

Pawnbroking summary:

	2016 £'000	2015 £'000	Change %
Year-end net pledge book	40,806	38,293	6.6%
Average net pledge book	39,155	37,404	4.7%
Revenue	28,384	28,437	-0.2%
Risk-adjusted margin[1]	*72.5%*	*76.0%*	

[1] Revenue as a percentage of the average net pledge book

GROSS PROFIT BREAKDOWN

Pawnbroking	51.8%
Jewellery Retail	20.5%
Gold Purchasing	7.2%
Pawnbroking Scrap	3.8%
Personal Loans	6.4%
Other Services	10.3%

Chief Executive's Review (continued)

RETAIL

Retail sales grew by 3.4% to £30.5m (2015: £29.5m) and gross profits 8.7% to £11.2m (2015: £10.3m).

The Group had two focus areas for the year: improve margins and improve inventory management. Progress has been made on both of these objectives, particularly in H2 2016. During 2016 the store inventory increased by £5.0m as we completed the implementation of the planograms across the store estate.

We are encouraged by the performance in H2 2016 relative to H2 2015 where we have seen an increase in inventory, gross profits and margins. The Group acknowledges the pressure on consumer spending post-Brexit and the challenges presented by the expected increase in inflation. We believe that the value presented by our second-hand offering positions us well among other retailers of luxury goods, while shifting behaviours (as customers seek the best deal) could provide opportunities for H&T.

PERSONAL LOANS

Revenue from Personal Loans increased 45.8% to £3.5m (2015: £2.4m) with the year-end net loan book up 123.8% to £9.4m (2015: £4.2m).

The Group believes that Personal Loans is an important opportunity, allowing us to expand our customer base in store, online and through broker channels. Over the past three years we have developed our understanding, systems and infrastructure to deliver what we believe are the most suitable products for our customer base, efficiently delivered using the strengths of our store network and staff. The increase in the monthly average loan book of 80.6% has resulted in an increase in revenues of 45.8%. This is in line with management expectations, both for credit quality and performance.

During 2016, we have also increased the online loan book by 133.3% to £0.7m (2015: £0.3m), implemented a store-based broker product through Cash Converters stores, and launched our larger loan at lower interest rates. We continue to develop our platforms to serve a changing market; in Q4 2015 53.3% of our loan applications originated from a mobile device. This increased to 68.4% in Q4 2016.

Operationally we have relocated our call centre operations to a new purpose-built location and implemented new dialler and customer relationship management systems. The developments to date have been successful and provide a strong foundation for our expansion into this exciting market.

The FCA has announced its review into the high-cost short-term credit (HCSTC) cost cap in 2017. Approximately 80% of the loans issued fell under the definition of HCSTC in 2016; none of our loans were at the interest cap. The H&T personal loan is significantly cheaper than loans offered by our competitors to this market and, while the outcome of the review is unknown, we do not anticipate that it will have a significant impact on our product.

Personal Loans summary:

	2016 £'000	2015 £'000	Change %
Year-end net loan book	9,356	4,152	125.3%
Average monthly net loan book	6,348	3,514	80.6%
Interest before impairment	5,848	3,711	57.6%
Impairment	(2,349)	(1,322)	77.7%
Revenue	3,499	2,389	46.5%
Interest yield[1]	*92.1%*	*105.6%*	
Impairment % of interest	*40.2%*	*35.6%*	
Risk-adjusted margin[2]	*55.1%*	*68.0%*	

[1] Interest before impairment as a percentage of average loan book
[2] Revenue as a percentage of average loan book

PAWNBROKING SCRAP

Gross profits from Pawnbroking Scrap increased to £2.1m (2015: £0.1m) principally due to the increase in the sterling gold price since the EU referendum result.

The average gold price during 2016 was £926 per troy ounce (2015: £759), a 22.1% increase. The gold price directly impacts the revenue received on the sales of scrapped gold.

GOLD PURCHASING

Gross profits from Gold Purchasing increased 69.6% to £3.9m (2015: £2.3m) principally as a result of the increase in gold price and the different trends in the gold price through the year versus 2015.

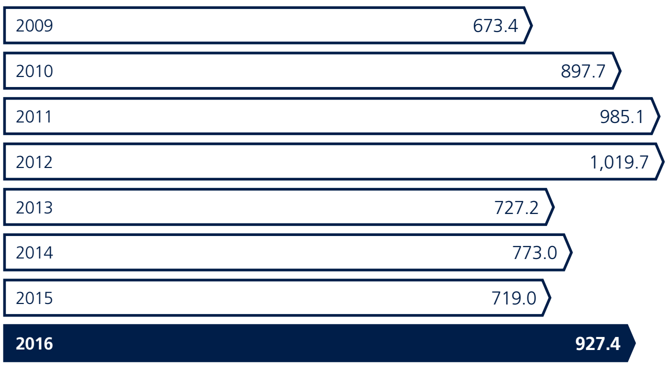
H&T purchase gold to achieve a particular margin and it takes around two months to process items directly to scrap. If the gold price increases during this processing period then our margins are enhanced, if it reduces then our margins are compressed.

During 2015, the gold price fell by 7% from January to December, whereas during the same period in 2016 it increased by 29%. Accordingly, our margins were significantly enhanced in 2016 vs 2015.

We estimate that overall volumes of fine gold purchased fell by 3.2% from 2015 to 2016.

END OF PERIOD STERLING GOLD PRICE

(£ per troy oz)



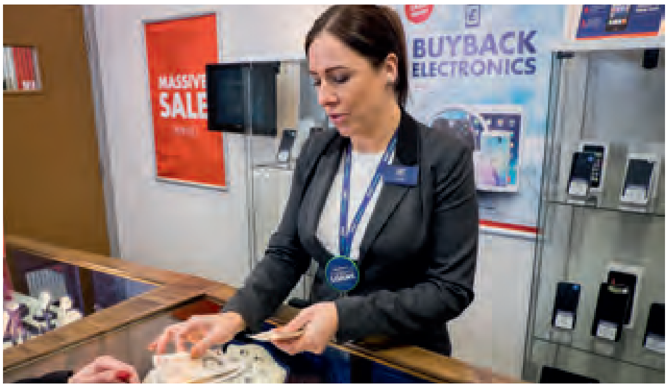
STORE DEVELOPMENT

	2009	2010	2011	2012	2013	2014	2015	**2016**
Acquired	—	1	1	6	3	1	—	**—**
New Stores	17	12	24	22	5	4	—	**—**
Closed	—	—	—	(2)	—	(8)	(2)	**(8)**
Estate Total	**122**	**135**	**160**	**186**	**194**	**191**	**189**	**181**

OTHER SERVICES

The continued improvements both in FX and Buyback increased gross profits from the Other Services segment by 43.6% to £5.6m (2015: £3.9m).

Buyback has been a particular success as part of the "We buy anything" proposition as the value purchased increased to £8.5m (2015: £6.0m). We continue to develop the product through systems development supporting the identification, testing and valuation of items to reduce transaction time and accuracy in store.



This development will be supported through further enhancements in 2017 together with closer integration of online and in-store systems to support the "clicks to bricks" customer acquisition process.

FX continues to grow with sales of currency increasing 86.3% from 2015 as a result of increased customer awareness and the introduction of a wider range of currencies. The volatility in exchange rates as a result of the EU referendum also assisted the 105.0% growth in the value of currency purchased.

PROSPECTS

The Group is evolving into a provider of alternative credit services to serve an increasing customer base. The development in 2016 has been very encouraging and provides a platform for growth into 2017. Current trading is in line with management's expectations for 2017.

I would also like to add my great thanks to those of the chairman, in recognising all of our people whose skills, commitment and enthusiasm continue to drive our success, and who give us confidence in the future.

JOHN G NICHOLS
Chief Executive

Finance Director's Review

FINANCIAL RESULTS

For the year ended 31 December 2016 gross profit increased 15.4% from £47.5m to £54.8m driven by the higher gold price improving revenues from Pawnbroking Scrap and Gold Purchasing together with the growth in the Personal Loans and Other Services segments.

Total direct and administrative expenses increased by 11.8% from £39.9m to £44.6m, principally as a result of investment in staff to support business volumes and new initiatives. The Board considers the continued investment in people and systems to be vital in repositioning the business to take advantage of the market conditions.

Finance costs were largely in line with 2015 at £0.5m (2015: £0.7m).

Profit before tax increased by £2.9m to £9.7m, up 42.6% from £6.8m in 2015.

CASH FLOW

The Group generated positive cash flow from operating activities of £1.3m (2015: £11.2m). Working capital movements led to an outflow of £9.8m (2015: £2.2m inflow), which was principally a result of the £8.1m growth in the Pawnbroking and Personal Loans loan books.

BALANCE SHEET

As at 31 December 2016, the Group had net assets of £98.8m (2015: £94.1m) with year-end net debt of £5.4m (2015: £2.1m) delivering an increase in gearing to 5.5% (2015: 2.2%) (see note 27).

On 12 February 2016, the Group refinanced the existing facility with Lloyds Bank plc allowing for maximum borrowings of £30.0m, subject to covenants, at a margin of between 1.75% and 2.75% above LIBOR. At year end £15.0m was drawn on the facility and the Group was well within the covenants with a net debt to EBITDA ratio of 0.40x and EBITDA to interest ratio of 38.71x (see note 3 for the definition of EBITDA). The new facility has a termination date of 30 April 2020.

The combination of low gearing and a secure long term credit facility provides the Group with the ability to make selective investments in the future while maintaining appropriate headroom.

INVESTMENTS AND DISPOSALS

During the year, the Group completed the acquisition of four pawnbroking loan books for a total consideration of £0.1m and disposed of two for a total consideration of £0.1m.

IMPAIRMENT

The Group performs an annual review of the expected earnings of each acquired store and considers whether the associated goodwill and other property, plant and equipment are impaired. There was no impairment charge during 2016 (2015: £nil/none).

SHARE PRICE AND EPS

At 31 December 2016, the share price was 259.75p (2015: 197.0p) and market capitalisation was £95.5m (2015: £72.6m). Basic earnings per share were 20.94p (2015: 14.88p), diluted earnings per share were 20.88p (2015: 14.86p).

STEPHEN A FENERTY
Finance Director

Pawnbroking and Personal Loan books
£8.1m
GROWTH

Profit before tax
£9.7m
(2015: £6.8m)

Principal Risks and Uncertainties

The Directors of H&T Group plc confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that could threaten its business model, future performance, solvency or liquidity.

The Board retains ultimate responsibility for the Group's risk management framework, including reviewing its effectiveness. The Board has delegated responsibility for annually reviewing the overall effectiveness of the risk management programme to the Audit Committee. The internal audit function provides assurance to the Audit Committee on the effectiveness of the internal control procedures through completion of the annual internal audit plan, which takes into account current operational risks.

The Group's risk management framework is embedded in the Group's management and governance processes and is overseen by the Board.

Risks are identified at both a Board and an operational level, they are assessed and, where appropriate, individuals within the business are given responsibility for the management of that risk. The Group has in place formal processes for the identification of new risks or a change to an existing risk. The Risk Committee oversees a formal periodic review of our assessment of individual risks, mitigating activities and associated remedial actions.

The table below sets out the principal risks and uncertainties facing the Group and how we mitigate them. This is not an exhaustive analysis of all the risks the Group may face as there may be additional risks and uncertainties that are not currently known to the Board or have not been included in this section on the basis that they are not considered to be material.

AREA	DESCRIPTION OF RISK	EXAMPLES OF MITIGATING ACTIVITIES
REGULATORY RISK	Loss arising from a breach of existing regulation or regulatory changes in the markets within which the Group operates.	• Experienced Board both in Credit and FCA regulated businesses • Dedicated Internal Audit and Compliance functions • Well-developed procedures, training, systems and operational controls • Head of Compliance monitors legislative changes and supports departmental compliance functions as required • Expert third-party legal and/or compliance advice is sought where necessary • Membership of appropriate trade associations who assist with both regulatory awareness and relationships
GOLD PRICE	A significant fall in the gold price impacting the security of pledge and the revenues from scrap operations.	• Ensure sufficient headroom on bank covenants to absorb a reduction in gold price, should it occur, without covenant breach • Monitoring of gold price at Board level • Annual testing of forecasts sensitised for gold price • Maintenance of appropriate margin between pledge value and gold price • Lending on alternative high value items • Review possible use of hedging instruments • Focus on increasing redemption rates to minimise reliance on disposition • Increase retail sales as a disposition hedge
THEFT AND FRAUD	Loss of inventory or pledge.	• High levels of physical security • Insurance for material losses • Systems and procedures to minimise risk
	Internal theft and fraud.	• Ensure staff are highly motivated • Avoid lone working to reduce opportunity • Internal audit team focused on loss prevention and other manipulation for personal gain • Fair, ethical, compliant and competitive incentive schemes and other benefits offered
REPUTATIONAL RISK	An event or circumstance could adversely impact on the Group's reputation, including adverse publicity from the activities of legislators, pressure groups and the media.	• Consider regulatory and reputational impact of business changes • Maintain focus on competitive advantage of customer service • Ensure staff are highly motivated • Ensure high level of compliance in product and service delivery • Ensure price or short-term earnings are not the dominant factor in decision making

Principal Risks and Uncertainties (continued)

AREA	DESCRIPTION OF RISK	EXAMPLES OF MITIGATING ACTIVITIES
CYBER CRIME	We have observed an increase in the frequency, severity and sophistication of cyber-attacks on UK businesses in general and in our own business. H&T is increasingly utilising online platforms for both transactional processing and customer acquisition and as such we are including cyber crime as a key risk for the first time. Failure to adequately manage cyber threats and to continually review and update processes in response to new threats could result in operational disruption, financial loss, data loss, reputational damage and regulatory fines.	• Utilise appropriate levels of industry-standard information security solutions for critical systems • Conduct annual penetration testing to identify vulnerabilities and deliver improvements • Continue to monitor cyber-threats using internal and external resources and where necessary implement changes to combat this

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to several financial risks including interest rate risk, credit risk, liquidity risk, price risk and exchange rate risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

A summary of the principal financial risks is provided below. Further detailed discussion is provided in note 26 to the consolidated financial statements.

INTEREST RATE RISK

The Group's activities expose it primarily to the financial risks of changes in interest rates. Finance costs have reduced as a result of lower interest rates and lower loan balances and at present the Board does not consider it necessary to enter into a hedging arrangement. This position is reviewed by the Board on a regular basis.

CREDIT RISK

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables, the most significant of which are the pledge book, the Personal loan book and Cheque Cashing balances. In all cases, exposure on trade and other receivables is spread over a large number of counterparties and customers.

The risk attributable to the pledge book is further mitigated due to the presence of security (the customer's pledges) which can be easily liquidated in almost all cases fully recovering the amount lent.

The risks attached to the unsecured Personal Loan book are mitigated by the continual monitoring of bad debts and a possible modification of lending criteria. The Group performs an external credit check prior to lending. Similar procedures mitigate the risks associated with Cheque Cashing activities.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is considered to be low as funds are held with financial institutions with high credit-ratings assigned by international credit-rating agencies to the Group's bankers as shown below:

MOODY'S CREDIT RATING

Barclays Bank plc	**A1**
The Royal Bank of Scotland plc	**A3**
Lloyds Bank plc	**A1**

The Group had no significant concentration of credit risk at year end other than on bank balances of £76,099 (2015: £580,917) with Royal Bank of Scotland plc, £944,936 with Barclays Bank plc (2015: £880,801) and £1,412,480 (2015: £3,761,106) with Lloyds Bank plc.

LIQUIDITY RISK

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. At 31 December 2016, the Group had sufficient headroom on its current borrowings and remains in full compliance with all loan covenants.

Furthermore, the Group will review at the appropriate time, the possibility of raising future equity finance or refinance existing banking facilities to expand activities.

PRICE RISK

With regard to the current balance sheet position, the Group is not exposed to price risk, as the majority of its jewellery and all of its scrap gold is obtained through unredeemed pledges, which have a cost to the Group which is lower than the retail value. The Group is however exposed to adverse movements in the price of gold in its gold scrap activities and the value of the pledge collaterals. Should the price of gold drop significantly, the Group can mitigate that risk by changing its lending policy on pawnbroking pledges or by entering hedging instruments. Currently the Group has no gold hedge in place, although this is reviewed by the Board on a regular basis.

EXCHANGE RATE RISK

While the Group's activities are largely conducted in the United Kingdom, the Group is impacted by foreign currency exchange rates affecting the gold price exchange from USD to GBP and the revaluation of foreign currency cash holdings in store.

Corporate Social Responsibility

OUR PEOPLE

At H&T we believe that our employees are our single greatest asset, and accordingly we endeavour to ensure our workforce are highly trained, motivated and feel valued.

H&T'S COMMITMENT TO DEVELOPING OUR PEOPLE

We support our staff to realise their potential, aiming to promote internally where possible. Our Learning and Development programme ensures our people are developed to support them in their role. Throughout 2016 we have continued to build on this, meeting the needs of our customers, the business and our employees. There are a range of specific activities to support development:

STAIR STEPS

STAIR STEPS 1-3

All new joiners work through our Stair Steps programme. Stair Steps 1-3 focus on the fundamentals of our business; including a classroom based workshop on technical areas such as diamonds, watches and electronics.

STAIR STEPS 4-5

Stair Steps 4 and 5, offers more managerial and behavioural training and which offer workshops such as Introduction to Management, Managing Your Team More Effectively and Introduction to Training & Coaching.

WORKSHOPS

The Group's goal is to provide the best possible technical and behavioural training to our people, enabling our staff to be fully effective in their roles. We have a collection of 12 workshops which include compulsory training for all staff in the identification of diamond stones and high-end watches both at introduction and advanced levels, sales and negotiation techniques and health and safety. Additionally, we provide further classroom-based training on a needs-driven basis in managerial subjects such as training and coaching, effective management of teams, and disciplinary and performance capability.

At the beginning of 2017 we introduced a week long induction programme. These courses are being held in one of our seven new training stores located within existing locations across the UK. New employees attend these courses upon joining to give them a significant and extensive foundation for their role at H&T.

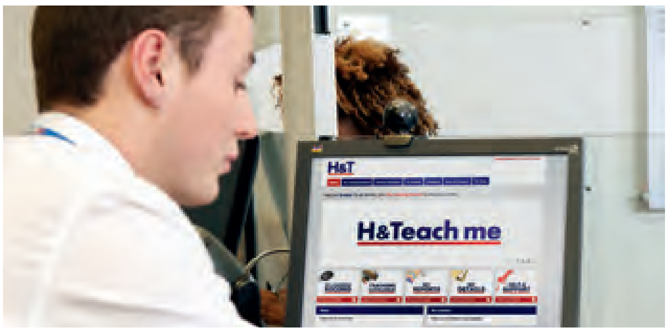
MANAGEMENT DEVELOPMENT PROGRAMMES

In 2016 we ran 2 Management Development Programmes for aspiring Deputy Store Managers looking for preparation to Branch Manager. In 2017 as well as MDP we will again be running our Star Development Programme which is designed for Branch Managers looking for their next step, be it Area Manager, Internal Auditor or Manager of a larger store. This programme includes 360 feedback and psychometric testing.

E-LEARNING

E-learning continues to be a big part of our blended learning approach. In 2016 we implemented a new e-learning platform which is more user friendly and offers us greater flexibility to tailor our courses. We are able to include our short "how to" videos covering a number of subjects such as phone testing, and till talk. Currently, the programme offers over 18 different modules that focus more on the theoretical side of our products and knowledge, leaving the workshops to tackle the more practical elements. Our e-learning supports our face-to-face training offering with pre, and post workshop modules.

E-learning is instrumental in helping the Group and staff to meet all the requirements of FCA compliance regulations.



REWARD AND RECOGNITION

As well as offering competitive salaries, we are proud to offer a generous benefits package to our employees. This includes life assurance for all of our staff members, interest free season ticket loans, Childcare Vouchers, an Employee Assistance Programme, enhanced sick and holiday pay, an innovation scheme (successful ideas and suggestions can earn an employee a reward of up to £1000, depending on the overall benefit to our business), health insurance for management, eye care vouchers, and discounts on bicycles through our cycle to work scheme. All of these are offered in addition to monthly, and annual bonuses that can be achieved dependant on hitting targets relating to profitability and Key Performance Indicators.

Corporate Social Responsibility (continued)

YOUR VOICE MEETINGS

Bi-annually, we hold a council-style meeting with a group of employees from a variety of positions within the Group, and geographically from around the country. These meetings allow our staff a medium in which to discuss suggestions and ideas with those at the top of our management structure. We have found the meetings to be hugely productive and resourceful, as alongside providing us with new innovations from within our organisation, it also permits us to receive direct feedback on new strategies, or indeed any issues that arise in our stores.

PROGRESSION AND RECOGNITION

H&T's retention strategy encourages its people to seek opportunities within the Group, across Stores and Offices in order to enhance their skills. We advertise all available positions weekly to every employee in order to assist them in applying for these positions. 47% of our Deputy Manager and Store Manager roles were filled internally in 2016.

MANAGERS' TENURE (years of service)

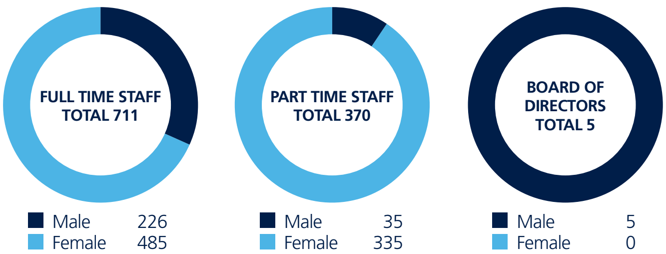
DIVERSITY AND INCLUSION

Diversity and inclusion are key areas of focus in our people agenda; we appreciate the importance of ensuring that the makeup of our workforce reflects the diversity of our customers and continue to ensure that we offer career opportunities without discrimination.

We know that being able to communicate with our customers is of key importance for the development of our brand, and that is why we aim to recruit people with foreign language skills into our stores. This is of particular importance where there is a large population of other nationalities in the local area, and we are proud to say that 20% of our employees speak at least one foreign language.

The following chart shows the gender mix across the Group at the end of the year.

FULL TIME/PART TIME/MALE/FEMALE RATIOS



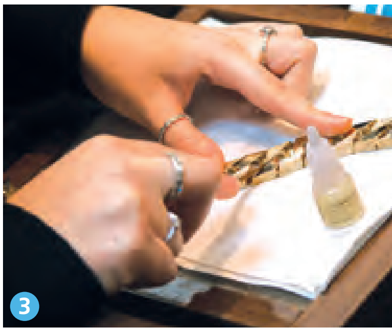
Whilst acknowledging the importance of diversity, appointments to the Board, as with all positions in the Group, are based purely on merit and not according to personal characteristics such as race and gender.

SERVING OUR CUSTOMER

A pawnbroker advances money secured on items of value. Therefore, it is vital that we can determine what those items are worth to ensure adequate security, whilst also being able to give the customer what they want.

H&T's pawnbroking loans are almost entirely secured by gold, diamond set jewellery or watches, as those items are relatively easy to value and in the event of default they can be sold either through the retail window or as a commodity.

Our staff ask the customer how much they would like to borrow and perform a visual examination of the item. We now have a good idea of what the item is worth based on our general lending guidelines.



If we can meet the customer's expectations then the item is tested. Gold is tested with a range of acids to determine the carat, diamonds are verified using electronic testing equipment, watches are closely examined and verified through Expert Eye.

The customer details and a full description of the item are entered to the computer system which calculates a range of loan values in accordance with Group policy. A credit agreement is produced and the cash issued to the customer.

IN THE COMMUNITY

It is our continued ambition to support local and national charities and organisations. This has continued throughout 2016 with a year filled with events, fun days and fundraising.

We have raised thousands of pounds and collected thousands of gifts for a number of organisations, see some examples below:

EASTER EGG COLLECTION

In April, we collected 2,000 Easter eggs for local and national children's charities and hospitals.

MACMILLAN PARTNERSHIP

In 2015, we launched our Macmillan partnership and commitment to raise enough money to fund a Macmillan nurse for a year. H&T's partnership with Macmillan continued throughout 2016, raising over £7,000. Stores have embraced this challenge with a range of activities, including

- Macmillan Coffee Morning: On 26 September we took part in the World's Biggest Coffee Morning, with tea and cakes in our stores and head office
- Throughout the year there were a range of activities in stores including cake, book and plant sales; sporting challenges; raffles; themed fancy dress days; and entertainment events

CHRISTMAS COLLECTIONS

Throughout December Head Office collected over 200 gifts for the Children's Trust based in Tadworth Surrey. The Children's Trust is a charity which offers both residential and community based rehabilitation services for children and young people with brain injuries.

On 9 December all stores participated in Alzheimer's UK "Elf Day" raising over £1,000.

STRATEGIC REPORT APPROVAL

This report was approved by the Board of Directors on 10 March 2017 and signed on its behalf by:

STEPHEN A FENERTY
Company Secretary

10 March 2017

Registered and Head Office
H&T Group plc
Times House, Throwley Way,
Sutton, Surrey SM1 4AF

Directors, Officers and Advisers

EXECUTIVE DIRECTORS

JOHN G NICHOLS Chief Executive, 66

After an early career in the RAF, John entered the leisure industry with the Rank Organisation where he held several senior executive positions. John joined H&T as Managing Director in 1997 and subsequently became Chief Executive. He has been instrumental in developing and implementing the business strategy and delivering growth in stores, revenues and profitability.

STEPHEN A FENERTY Finance Director, 43

Stephen trained with KPMG's banking and finance team and since then he has pursued a variety of management roles in the alternative credit sector. Stephen joined H&T in March 2005 as Commercial Director before taking on the role as Finance Director in December 2013. Stephen has direct responsibility for finance, IT, unsecured lending, acquisitions, compliance and credit risk. He is a member of the Institute of Chartered Accountants in England and Wales.

NON-EXECUTIVE DIRECTORS

PETER D MCNAMARA Chairman, 66

Peter spent the majority of his career with Lloyds Bank plc, as chief manager for strategic planning, mergers and acquisitions, and then as the managing director of Personal Banking. He subsequently served as Group managing director of the Alliance & Leicester plc and Chief Executive of Wesleyan Assurance Society, a mutual life insurance business. In 2002 he left to become Chairman and subsequently executive Chairman of Moneybox plc, the leading ATM deployer operating in the UK, Germany and the Netherlands, which he led to flotation on AIM. In 2006 he set up a new ATM business, Notemachine Ltd and is the CEO.

MALCOLM L BERRYMAN, 62

Malcolm is currently a Non-Executive Director at STM Group PLC and Southern Health NHS Foundation Trust and runs his own consultancy business primarily involved in life and general insurance. Between 1990 and 2005, he was Chief Executive of two Insurers, Liverpool Victoria and Crown Financial Management. He qualified as an Actuary in 1983.

JAMES F THORNTON, 59

James Thornton has more than fifteen years of experience in UK financial services organisations, most recently as a Director at Hannam & Partners, from 2009-2015, and previously as Head of Finance at BAT Industries, Group Deputy Finance Director and UK Finance Director at Old Mutual plc and Head of Foreign Exchange at IFX plc. James has also held senior positions with Lord Ashcroft KCMG associated companies – Anne Street Partners and Global Health Partner plc. James is a Fellow of the Institute of Chartered Accountants in England and Wales.

Registered and Head Office and Advisers

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INDEPENDENT AUDITOR
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Chartered Accountants
Crawley

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PUBLIC RELATIONS
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Corporate governance

The Directors recognise the importance of adopting good corporate governance practices in the best interests of all shareholders. Although the Group is not required to report on compliance with the UK Corporate Governance Code ("the Code") since its shares are traded on the AIM Market, the Group applies the principles of sound Corporate Governance in the following ways:

DIRECTORS

THE BOARD

The Board comprises two Executive Directors and three Non-Executive Directors. Their biographies appear on page 18. A review of these shows a range of experience and expertise sufficient to bring independent judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group. The three Non-Executive Directors each hold shares as disclosed on page 22. However, because the number of shares held is small, there is no entitlement to share options for Non-Executives, and there are no cross directorships between Executive and Non-Executive Directors; the Non-Executive Directors are considered to be independent.

BOARD MEETINGS

The Board is responsible to the shareholders for the proper management of the Group. A Directors' responsibilities statement in respect of the financial statements is set out in this Annual Report on page 27.

The Board meets 10 times during the year. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of the Board meetings. There is a formal schedule of matters reserved to the Board which include the determination of strategy, approval of new stores and acquisitions, approval of budget and major capital expenditure.

At Board meetings, the agenda normally comprises a review of the management financial statements, a CEO review of operations, a review of new store proposals and potential acquisitions and an update on the progress of the Group's other strategic objectives.

The Board meetings in August and March cover the approval of the interim and preliminary financial results respectively and the November meeting deals with the approval of the annual budget.

The following committees deal with the specific aspects of the Group's affairs:

REMUNERATION COMMITTEE

The Remuneration Committee comprises three independent Non-Executive Directors of the Company. The members of the Committee are:

- Malcolm L Berryman (Chairman)
- Peter D McNamara
- James F Thornton

The Committee meets at least twice in each year and at such other times as the Chairman of the Committee sees fit.

The Chairman of the Committee is appointed by the Board on the recommendation of the Nomination Committee. The quorum for the Committee is two.

The duties of the Committee are to:

- determine and agree with the Board the framework or broad policy for the remuneration of the Chairman, Executive Directors and any employees that the Board delegates to it;
- within the terms of the agreed policy, determine individual remuneration packages including bonuses, incentive payments, share options, pension arrangements and any other benefits;
- determine the contractual terms on termination and individual termination payments, ensuring that the duty of the individual to mitigate loss is fully recognised;
- in determining individual packages and arrangements, give due regard to the comments and recommendations of the Code;
- be told of and be given the chance to advise on any major changes in employee benefit structures in the Company;
- recommend and monitor the level and structure of remuneration for senior managers below Board level as determined;
- agree the policy for authorising claims for expenses from the Chief Executive and from the Chairman of the Board; and
- recommend an annual report for the Board to put to Shareholders on executive remuneration compliant with relevant legal and regulatory provisions.

The Committee is authorised by the Board to:

- seek any information it requires from any employee of the Group in order to perform its duties;
- be responsible for establishing the selection criteria and then for selecting, appointing and setting the terms of reference for any remuneration consultants providing advice to the Committee, at the Group's expense; and
- obtain, at the Group's expense, outside legal or other professional advice where necessary in the course of its activities.

AUDIT COMMITTEE

The Audit Committee comprises three independent Non-Executive Directors of the Company. The members of the Committee are:

- James F Thornton (Chairman)
- Malcolm L Berryman
- Peter D McNamara

The Audit Committee reviews each year the arrangements for safeguarding auditor objectivity and independence. The Audit Committee reviews the scope, results and cost-effectiveness of internal and external audit, and has delegated power from the Board to exercise the power from shareholders to agree fees for external auditors. The Audit Committee is responsible for satisfying itself on the independence and objectivity of external auditors and the independence of internal auditors.

As directed by the Audit Committee, the principal function of the Group's internal audit team is to verify the physical presence and control procedures surrounding the cash, pledge and inventory balances within stores and the Group's Jewellery Centre. The internal audit team report to the Audit, Security and Compliance executive meetings and the Audit Committee reviews those minutes.

The Committee reviews the operation of internal controls and reports to the Board on the annual review of the internal control and risk management.

RISK COMMITTEE
The Risk Committee comprises three independent Non-Executive Directors of the Company. The members of the Committee are:

- Malcolm L Berryman (Chairman)
- Peter D McNamara
- James F Thornton

The Risk Committee is responsible for reviewing and reporting to the Board on:

- the Group's risk appetite (the extent and categories of risk which the Board regards as acceptable for the Company to bear);
- the Group's risk management and internal controls framework (it's principles, policies, methodologies, systems, processes, procedures and people); and
- in respect of the processes and procedures, the arrangements for the identification, assessment, monitoring management and oversight of risk.

The Risk Committee reviews the regular reports of the Head of Compliance to oversee the operational management of the compliance framework.

The Committee should make recommendations to the Board in respect of all risks faced by the Company outside of its declared risk appetite.

NOMINATION COMMITTEE
The Nomination Committee comprises three independent Non-Executive Directors of the Company. The members of the Committee are:

- Peter D McNamara (Chairman)
- Malcolm L Berryman
- James F Thornton

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for:

- identifying and nominating candidates to fill Board vacancies;
- evaluating the structure and composition of the Board with regard to the balance of skills, knowledge and experience and making recommendations accordingly;
- reviewing the time requirements of Non-Executive Directors;
- giving full consideration to succession planning; and
- reviewing the leadership of the Group.

INTERNAL CONTROL
The Board acknowledges that it is responsible for the Group's system of internal control and for the continuing process of reviewing the effectiveness of the internal controls. Internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors confirm that they have reviewed the effectiveness of the systems of internal control that have been in operation during the year. The Group has an internal audit function principally for periodic store visits.

INTERNAL CONTROL: FINANCIAL
The internal control process has been reviewed and its main features are:

- Financial Reporting: there is a comprehensive budgeting system with an annual budget approved by the Board. Monthly trading results are reported against the corresponding figures for the budget and previous year. The Board also reviews re-forecasts on a regular basis.
- Capital Expenditure: there is a comprehensive budgeting system for capital expenditure with an annual budget approved by the Board. The Finance Director authorises individual items of capital expenditure and material items are also authorised by the Board or CEO.
- Cash flow: an annual cash flow forecast is drawn up and approved by the Board and actual cash flow is reviewed monthly against this forecast.
- Organisational Structure: a clear organisational structure with defined responsibilities and clear authority levels has been set.
- Store Audits: a Store Audit function exists to ensure that Group procedures regarding cash, pledges and stock handling are being adhered to. On average the internal audit visits to stores are performed biannually.

INTERNAL CONTROL: RISK MANAGEMENT
During the year, the Group had in place formalised procedures to identify, evaluate and manage significant risks and to enable management to assess and regularly report to the Board on issues relating to business, operational, financial, regulatory and non-compliance risks.

RELATIONS WITH SHAREHOLDERS
The Board recognises the importance of communications with shareholders. The Chief Executive's Review on pages 9 to 11 include a detailed review of the business and future developments. There is a regular dialogue with institutional shareholders including presentations after the Group's preliminary announcement of the year-end results and at the half year results.

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The main activities of the Group continue to be pawnbroking, gold purchasing, retail of jewellery, cheque cashing, unsecured lending and other related services operated through Harvey & Thompson Limited. The principal activity of the Company is that of a non-trading holding Company for Harvey & Thompson Limited.

A review of the business and its future development (including the information that fulfils the relevant requirements of section 417 of the Companies Act 2006) is given in the Chairman's Statement and Strategic Report on pages 1 to 17.

DIVIDENDS

The Directors propose a final dividend of 5.3p (2015: 4.5p) per share subject to approval at the Annual General Meeting on 5 May 2017. This proposed dividend, in accordance with IAS 10 'Events after the balance sheet date' for the Group, has not been provided for in the attached financial statements.

During the year, the Company paid the final dividend for the year ended 31 December 2015 of 4.5p per share and an interim dividend for the year ended 31 December 2016 of 3.9p per share (2015: 3.5p per share).

CAPITAL STRUCTURE

Details of the authorised share capital are shown in note 27 to the consolidated financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. As disclosed in note 27, during the period 187,223 ordinary shares (2015: none) of £0.05 each were issued, called up and fully paid as part of the Group's share option and long term incentive plans.

The nominal issued share capital as at 31 December 2016 was £1,852,174 (31 December 2015: £1,842,813).

As at 1 March 2017, the Company has been notified of the following voting rights by major shareholders of the Company:

Name of holder	Percentage of voting rights and issued share capital
Artemis Investment Management	10.0%
Fidelity International	10.0%
Fidelity Management & Research	8.5%
Close Brothers Asset Management	7.2%
Camelot Capital Partners	6.6%
Henderson Global Investors	6.1%
BlackRock	4.2%
Directors	3.8%
Octopus Investments	3.7%
Investec Asset Management	3.6%

Details of employee share schemes are set out in note 28. Under these share schemes, there are currently potentially an additional 1,281,558 shares that will be issued to current option holders at the call of the option holder. Under its Articles of Association, the Company has authority to allot under these share schemes, for cash, up to a maximum of 3,704,349 ordinary shares without being required to offer such securities to all shareholders in accordance with statutory pre-emption rights.

On any date, no option may be granted under any share option scheme or long term incentive plan, if (as a result) the aggregate nominal value of ordinary shares issued or issuable pursuant to options granted during the previous 10 years under any share option scheme would exceed 10% of the nominal value of the share capital of the Company in issue on that date.

There are no other potentially dilutive equity instruments in the Company in issue at 31 December 2016 or 31 December 2015.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation and requires certain Directors annually to retire by rotation. The Articles themselves may be amended by special resolution of the shareholders.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore the Directors are not aware of any agreements between the Company, or any other Group Company, and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

DIRECTORS AND THEIR INTERESTS

The Directors who served throughout the year and to the date of this report, except where otherwise stated, were as follows:

EXECUTIVE

J G Nichols
S A Fenerty

NON-EXECUTIVE

P D McNamara
M L Berryman
J F Thornton

The Directors hold the following notifiable beneficial interests in the ordinary share capital of the Company:

Director	Type of share	At 1 January 2016	Acquired in the year	Disposed of in the year	At 31 December 2016
J G Nichols	Ordinary 5p shares	1,079,530	—	—	1,079,530
S A Fenerty	Ordinary 5p shares	305,933	—	—	305,933
P D McNamara	Ordinary 5p shares	17,351	—	—	17,351
M Berryman	Ordinary 5p shares	2,000	—	—	2,000
J F Thornton	Ordinary 5p shares	5,000	—	—	5,000

DIRECTORS AND THEIR INTERESTS (CONTINUED)

As a result of the Approved and Unapproved Share Option Schemes operated by the Group, the Directors have a beneficial interest in the following options granted over ordinary shares in H&T Group plc:

Director	At start of year No.	Granted during the year No.	Exercised during the year No.	Forfeited during the year No.	At end of year No.	Exercise price pence	Market Price on date exercised pence	Date from which exercisable	Expiry date
J G Nichols									
– 2006 Scheme	87,397	—	87,397		—	182.5	288.0	8/9/2009	7/9/2016
– 2007 Scheme	78,390	—	—		78,390	217.5	—	17/5/2010	16/5/2017
– 2008 Scheme	92,293	—	—		92,293	175.5	—	15/5/2011	14/5/2018
– 2009 Scheme	87,628	—	—	—	87,628	194.0	—	1/5/2012	30/4/2019
– 2010 Scheme	93,686	—	—		93,686	245.5	—	20/4/2013	19/4/2020
	439,394	—	87,397	—	351,997				
S A Fenerty									
– 2006 Scheme	51,233	—	51,233		—	182.5	288.0	8/9/2009	7/9/2016
– 2007 Scheme	45,517	—	—		45,517	217.5	—	17/5/2010	16/5/2017
– 2008 Scheme	59,544	—	—		59,544	175.5	—	15/5/2011	14/5/2018
– 2009 Scheme	61,855	—	—		61,855	194.0	—	1/5/2012	30/4/2019
– 2010 Scheme	54,989	—	—		54,989	245.5	—	20/4/2013	19/4/2020
	273,138	—	51,233	—	221,905				

No share options were granted to any Director since 2012.

The following Directors have also a beneficial interest in conditional shares granted as part of the Long Term Incentive Plan (further details are provided within note 28):

Director	At start of year No.	Granted during the year No.	Exercised during the year No.	Forfeited during the year No.	At end of year No.	Exercise price pence	Date when conditional grant is achievable
J G Nichols							
– 2013 LTIP	82,276	—	—	82,276	—	—	28/3/2016
	82,726	—	—	82,276	—		
S A Fenerty							
– 2013 LTIP	41,048	—	—	41,048	—	—	28/3/2016
	41,048	—	—	41,048	—		

At 31 December 2016, the market price of H&T Group plc's shares was 259.75p and the range during the year ended 31 December 2016 was 180p – 300.5p.

At 31 December 2015, the market price of H&T Group plc's shares was 197p and the range during the year ended 31 December 2015 was 156p – 208p.

None of the Directors hold any interests in the shares of any other Company within the H&T Group plc Group.

At the forthcoming annual general meeting of the Company, the following Directors will, by rotation, be offering themselves for re-election:

- S A Fenerty
- P D McNamara

Directors' report (continued)

DIRECTORS' INDEMNITIES

Under the Company's articles of association, any Director is entitled to be indemnified by the Company (to the extent permitted by law) against any liability incurred by him in defending proceedings which relate to any acts or omissions in his capacity as officer of the Company. In addition, the Company maintains insurance for the benefit of the Directors in respect of such matters which it considers to be appropriate. These arrangements were in force throughout the whole of the current and preceding financial years.

AGGREGATE DIRECTORS' REMUNERATION

The total amounts for Directors' remuneration were as follows:

	2016 **£**	2015 £
Emoluments	**922,184**	597,935
Gain on exercise of share options	**146,255**	—
Money purchase pension contributions	**43,082**	42,445
	1,111,521	640,380

DIRECTORS' EMOLUMENTS AND COMPENSATION

Name of Director	Fees/Basic salary £	Benefits in kind £	Annual bonuses £	**2016 Total £**	2015 Total £
Executive					
J G Nichols	247,722	12,512	200,000	**460,234**	256,116
S A Fenerty	183,099	9,858	115,000	**307,957**	190,102
Non-Executive					
P D McNamara	71,627	—	—	**71,627**	70,568
M Berryman	42,445	—	—	**42,445**	41,818
J F Thornton	39,921	—	—	**39,921**	39,331
Aggregate emoluments	584,814	22,370	315,000	**922,184**	597,935

DIRECTORS' BONUS SCHEMES

Remuneration Committee consider the total remuneration package available to Executive Directors in light of market practice for companies of a similar size and delivering a similar shareholder performance. As part of the total package, Executive Directors are entitled to receive an annual bonus, subject to meeting certain performance conditions. These performance conditions, the maximum bonus payable and the proportion paid for on-target performance are set by the Remuneration Committee in advance of each financial year.

In 2015 the Board established a long-term bonus plan based on the profit performance of the business over the period to 2020. The 2015 scheme covers the initial period 2015-2017 and provides for a payment of no more than 100% of the base salary of the Director.

DIRECTORS' PENSION ENTITLEMENTS

Two Directors (2015: 2) were members of money purchase schemes during the year. Contributions paid by the Company in respect of such Directors were as follows:

	2016 £	2015 £
J G Nichols	**24,772**	24,406
S A Fenerty	**18,310**	18,039
	43,082	42,445

PERSONNEL

Details of the number of employees and related costs can be found in note 9 to the consolidated financial statements. All employees have contracts of employment with Harvey & Thompson Limited, the trading subsidiary in the H&T Group plc Group.

Harvey & Thompson Limited maintains a policy of equal opportunities and is committed to ensuring that all individuals are treated fairly, with respect and are valued.

Harvey & Thompson Limited is committed to providing a safe working environment for all employees through a combination of procedural and physical security measures. These measures are kept under review and updated as appropriate.

All employees are incentivised through different bonus schemes. Store managers and management also qualify for the approved share option scheme (ASOS) while Directors and senior management also qualify for the unapproved share option scheme (USOS). The Executive Directors also qualify for the Long Term Incentive Plan (LTIP). Further details on share option plans are provided in note 28.

EMPLOYEE CONSULTATION

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their stores, regional areas and of the Group as a whole. This is achieved through formal and informal meetings, weekly information bulletins, employee surveys, a quarterly newsletter and every year through a store managers' conference.

EMPLOYMENT OF THE DISABLED

It is the policy of the Group to give full and fair consideration to the employment of disabled persons in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Where possible, arrangements are made for the continuing employment of employees who have become disabled whilst in the Group's employment.

HEALTH AND SAFETY

Health and safety standards and benchmarks have been established in the business and compliance is monitored by the Board.

POLITICAL CONTRIBUTIONS

No political contributions were made during the year (2015: £nil).

GOING CONCERN

The Group delivered profit after tax of £7.6m for the year ended 31 December 2016 (2015: £5.4m). The Group has also increased its net assets to £98.8m (2015: £94.1m).

The Board has approved a detailed budget for 2017, which indicates surplus cash generated from operations after accounting for the Group's forecast levels of capital expenditure. On 12 February 2016 the Group refinanced the existing facility with Lloyds Bank plc allowing for maximum borrowings of £30.0m, subject to covenants, which is not due to expire until April 2020. At the year end £15.0m was drawn on the facility. This strong balance sheet position provides a high level of confidence that the Group will be able to repay all liabilities as they fall due during 2017. The Group met all covenants in 2016 and there is no evidence to suggest that they will not be met in 2017.

In considering the going concern basis of preparation longer term forecasts are also reviewed by the Board, with the 'base case' financial forecasts revealing no inability to meet financial covenants or repay liabilities. Sensitivity analysis under less favourable scenarios designed to test the point at which the Group will either have insufficient headroom or breach financial covenants have also been prepared and reviewed. The Board considers the selected scenarios as remote, and is comfortable that mitigating strategies are available to the Group to offset liquidity constraints.

We believe that the current economic climate should have no significant negative impact to our business model. The Group offering is principally through secured lending against pledges. The Group policies on pawn lending remain rigorous and prudent, such that the Group has limited exposure to loss in the event of customers not redeeming their pledges, due to the value of the pledge collateral held, principally being gold and precious stones. The Group has no reason to believe that the value will not be maintained in the near future. Further details are provided in note 26.

Based on the above considerations and after reviewing in detail 2017 and Q1 2018 forecasts, the Directors have formed the view that the Group has adequate resources to continue as a going concern for the next 12 months and has prepared the financial statements on this basis. Principal risks and uncertainties to the Group's business are discussed in more detail in the Strategic Report.

Directors' report (continued)

EVENTS AFTER THE BALANCE SHEET DATE

In January 2017, malware was discovered on the H&T corporate network. The actions taken to remediate resulted in some disruption to store operations for approximately four weeks, particularly new Personal Loan business. The Group has engaged specialists to review and improve its cyber security framework to mitigate the ever-present risk of cyber-crime. The impact of the incident is immaterial to the Group's financial position and there is no evidence to suggest any loss of sensitive data or financial data.

INDEPENDENT AUDITOR AND STATEMENT OF PROVISION OF INFORMATION TO THE INDEPENDENT AUDITOR

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a Director at the date of approval of this report confirms that:

(1) so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
(2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

J G NICHOLS
Chief Executive

10 March 2017

Registered and Head Office
H&T Group plc, Times House, Throwley Way,
Sutton, Surrey SM1 4AF

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 10 March 2017 and is signed on its behalf by:

J G NICHOLS
Chief Executive Officer

10 March 2017

S A FENERTY
Finance Director

10 March 2017

Independent Auditor's report

to the members of H&T Group plc

We have audited the Group financial statements of H&T Group plc for the year ended 31 December 2016 which comprise the Group statement of comprehensive income, the Group statement of changes in equity, the Group balance sheet, the Group cash flow statement and the related notes 1 to 33. 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, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Group'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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OTHER MATTER

We have reported separately on the Parent Company financial statements of H&T Group plc for the year ended 31 December 2016.

William Farren

WILLIAM FARREN FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

10 March 2017

Group statement of comprehensive income

For the year ended 31 December 2016

Continuing operations:	Note	**2016 £'000**	2015 £'000
Revenue	5,6	**94,223**	89,244
Cost of sales		**(39,453)**	(41,782)
Gross profit	6	**54,770**	47,462
Other direct expenses		**(32,247)**	(31,968)
Administrative expenses		**(12,325)**	(7,976)
Operating profit		**10,198**	7,518
Investment revenues	5,10	**1**	1
Finance costs	11	**(479)**	(679)
Profit before taxation	7	**9,720**	6,840
Tax charge on profit	12	**(2,138)**	(1,462)
Profit for the financial year and total comprehensive income		**7,582**	5,378

Earnings per share		**2016 Pence**	2015 Pence
Basic	13	**20.94**	14.88
Diluted	13	**20.88**	14.86

Group statement of changes in equity

For the year ended 31 December 2016

	Note	Share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2015		1,843	25,409	(35)	63,646	90,863
Profit for the financial year		—	—	—	5,378	5,378
Total income for the financial year		—	—	—	5,378	5,378
Share option movement	28	—	—	—	104	104
Dividends paid	14	—	—	—	(2,285)	(2,285)
At 31 December 2015		1,843	25,409	(35)	66,843	94,060
At 1 January 2016		**1,843**	**25,409**	**(35)**	**66,843**	**94,060**
Profit for the financial year		**—**	**—**	**—**	**7,582**	**7,582**
Total income for the financial year		**—**	**—**	**—**	**7,582**	**7,582**
Issue of share capital		**9**	**345**	**—**	**—**	**354**
Share option movement	28	**—**	**—**	**—**	**(40)**	**(40)**
Dividends paid	14	**—**	**—**	**—**	**(3,109)**	**(3,109)**
At 31 December 2016		**1,852**	**25,754**	**(35)**	**71,276**	**98,847**

Group balance sheet

As at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Non-current assets			
Goodwill	15	**17,676**	17,707
Other intangible assets	16	**527**	752
Property, plant and equipment	17	**6,874**	8,138
Deferred tax assets	24	**682**	542
		25,759	27,139
Current assets			
Inventories	19	**29,792**	24,802
Trade and other receivables	20	**59,058**	50,893
Other current assets	20	**848**	646
Cash and cash equivalents	21	**9,608**	10,923
		99,306	87,264
Total assets		**125,065**	114,403
Current liabilities			
Trade and other payables	22	**(8,887)**	(5,482)
Current tax liabilities	22	**(1,119)**	(645)
		(10,006)	(6,127)
Net current assets		**89,300**	81,137
Non-current liabilities			
Borrowings	23	**(14,715)**	(12,911)
Provisions	25	**(1,497)**	(1,305)
		(16,212)	(14,216)
Total liabilities		**(26,218)**	(20,343)
Net assets		**98,847**	94,060
Equity			
Share capital	27	**1,852**	1,843
Share premium account		**25,754**	25,409
Employee Benefit Trust shares reserve		**(35)**	(35)
Retained earnings		**71,276**	66,843
Total equity attributable to equity holders		**98,847**	94,060

The financial statements of H&T Group plc, registered number 05188117, were approved by the Board of Directors and authorised for issue on 10 March 2017.

They were signed on its behalf by:

J G NICHOLS
Chief Executive

Group cash flow statement

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Net cash generated from operating activities	30	**1,315**	11,209
Investing activities			
Interest received		**1**	1
Proceeds on disposal of property, plant and equipment		**66**	—
Proceeds on disposal of trade and assets		**82**	—
Purchases of property, plant and equipment		**(1,918)**	(1,207)
Acquisition of trade and assets of businesses		**(106)**	(120)
Net cash used in investing activities		**(1,875)**	(1,326)
Financing activities			
Dividends paid	14	**(3,109)**	(2,285)
Increase/(Decrease) in borrowings		**2,000**	(3,000)
Decrease in Bank overdraft		**—**	(1,925)
Issue of shares		**354**	—
Net cash used in financing activities		**(755)**	(7,210)
Net increase in cash and cash equivalents		**(1,315)**	2,673
Cash and cash equivalents at beginning of the year		**10,923**	8,250
Cash and cash equivalents at end of the year		**9,608**	10,923

Notes to the consolidated financial statements

For the year ended 31 December 2016

1. GENERAL INFORMATION

H&T Group plc is a Company incorporated in the United Kingdom under the Companies Act.

The Company is a public Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 19.

The principal activities of the Company and its subsidiaries (the "Group") and the nature of the Group's operations are set out in note 6 and in the Chairman's Statement, Chief Executive Officer's Review, the Finance Director's Review and the Directors' Report.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

2. CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Disclosure initiative
Annual Improvements to IFRSs: 2012-2014	Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting

None of the new or revised standards that have been adopted affected the amounts reported in the financial statements.

STANDARDS NOT AFFECTING THE REPORTED RESULTS AND FINANCIAL POSITION

At the date of authorisation of these financial statements the Group had not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

- IFRS 9 will supersede IAS 39 in its entirety, and is mandatory for accounting periods commencing on or after 1 January 2018. This change will impact both the measurement and disclosure of financial instruments, and the Group is currently implementing a project to assess the impact of IFRS 9 and implement systems to ensure ongoing compliance with its requirements.
- IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes a number of existing standards and interpretations from its effective date for accounting periods beginning on or after 1 January 2018. The Directors believe that the adoption of this Standard may have an impact on revenue recognition and related disclosures, and the Group is reviewing the requirements to determine their impact.
- IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

  Under IFRS 16 significant changes are introduced to lessee accounting, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets).

  Upon lease commencement a lessee recognises a right-of-use asset and a lease liability.

  The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

  The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

  Subject to EU endorsement, IFRS 16 would apply for annual reporting periods beginning on or after 1 January 2019. The Group is currently assessing the impact of accounting changes that will arise under IFRS 16. The changes are expected to have a material impact on the Group Statement of Comprehensive Income and Consolidated Financial Statements.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and therefore the Group financial statements comply with the AIM Rules.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at re-valued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors Report.

BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

GOODWILL

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, or trade and assets previously operated through either sole partnership in limited companies with no audited financial statements at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment annually as described above.

On the disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

Intangible assets with a finite useful life are carried at cost less amortisation less impairment losses. Intangible assets represent intangibles which have been separately identified under IFRS 3 arising in business combinations, being customer relationships, or meet the recognition criteria of IAS 38, "Intangible Assets", being principally computer software assets.

Amortisation of intangible assets acquired in a business combination is calculated using the expected life of the intangible assets acquired.

Amortisation of other intangible assets (computer software) is calculated using the straight-line method to allocate the cost of the asset less its assessed realisable value over its estimated useful life (6 to 8 years).

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes and estimates being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Consolidated Income when the asset is derecognised.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPRECIATION

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life, as follows:

SHORT LEASEHOLD PREMISES	
– Leasehold improvements	Shorter of 7 years or life of lease
COMPUTER EQUIPMENT	
– Computer hardware	3 to 5 years
FIXTURES AND FITTINGS	10 years
MOTOR VEHICLES	4 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. For inventory acquired for retail sale the cost represents the purchase price plus overheads directly related to bringing inventory to its present location and condition and is measured on a first in first out basis. For inventory arising from unredeemed pledges the cost represents the amount originally loaned, plus overheads directly related to bringing inventory to its present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Where necessary provision is made for obsolete, slow moving and damaged inventory or inventory shrinkage. The provision for obsolete, slow moving and damaged inventory represents the difference between the cost of the inventory and its market value. The inventory shrinkage provision is based on an estimate of the inventory missing at the reporting date using historical shrinkage experience.

FINANCIAL ASSETS

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

In accordance with IAS 39, 'Financial Instruments: Recognition and Measurement' the Group has classified its financial assets as 'loans and receivables' and 'fair value through profit and loss'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

LOANS AND RECEIVABLES

The principal financial assets included in this measurement category are:

<u>Trade receivables</u>
Trade receivables represent amounts due from customers in the normal course of business. Trade receivables include certain amounts, namely pledge receivables and Personal Loan debtors which are interest bearing. The accrued interest arising on these interest bearing assets is included in prepayments and accrued income using the effective interest method. All other amounts which are not interest bearing are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, which are charged to the Consolidated Statement of Comprehensive Income.

<u>Cash and cash equivalents</u>
Cash and cash equivalents include cash at hand and deposits held with banks with original maturities of three months or less.

FINANCIAL ASSETS AT FVTPL

Only the Group's derivative financial instruments, of which there are none outstanding at the year end, are recorded as financial assets at FVTPL. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been reduced.

Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default on payments; or
- it becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are immediately recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Consolidated Statement of Comprehensive Income to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Only the Group's derivative financial instruments, of which there are none outstanding at the year end, are recorded as financial liabilities at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. All other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

Leases taken by the Group are assessed individually as to whether they are finance leases or operating leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease expect.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

The Group currently has no finance leases.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the present obligation at the balance sheet date, and are discounted to present value where the effect of the time value of money is material.

All the Group's premises are leased under operating leases. The majority of the leases include end of lease rectification clauses which impose certain requirements on the Group to complete repairs and maintenance, or re-decoration activities if required. The Group provides for both rectification costs and repairs and maintenance obligations. Rectification costs are provided for on signing the lease and repairs are provided as Management becomes aware of any significant amounts that will be required.

SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

There is one class of shares. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium account.

Incremental external costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, to the share premium account.

EMPLOYEE BENEFIT TRUST SHARES

Under the terms of the Group Long Term Incentive Plan ('LTIP') for the Directors, the parent Company issued certain shares to an Employee Benefit Trust, paid for through the issuance of a loan to the Trust from the Group. The award of shares under the LTIP is conditional upon certain vesting criteria, as outlined in note 28. The fair value of the awards made is measured under the policy disclosed below for Share Options.

The Group presents the conditional shares as an adjustment to its own equity at the balance sheet date through the Employee Benefit Trust shares reserve, until the point that the shares are awarded, and cease to be conditional awards of shares.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services and interest income provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Pawnbroking, or Pawn Service Charge (PSC), comprises interest on pledge book loans, plus auction profit and loss, less any auction commissions payable and less surplus payable to the customer. Interest receivable on loans is recognised as interest accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount;
- Retail comprises revenue from retail jewellery sales, with inventory sourced from unredeemed pawn loans, newly purchased inventory and inventory refurbished from the Group's gold purchasing operation. All revenue is recognised at the point of sale;
- Pawnbroking Scrap and Gold Purchasing comprises proceeds from gold scrap sales and is recognised on full receipt of sale proceeds;
- Personal Loans comprises income from the Group's unsecured lending activities. Interest receivable on unsecured loans is recognised in revenue on an accruals basis less provision for loans not expected to be repaid. Personal Loans are subject to bad debt risk which is reflected in the interest rate applied; and
- Other Services comprise revenues from third party cheque cashing, foreign exchange income, Buyback, prepaid card and other income. The commission receivable on cheque cashing is recognised at the time of the transaction. Buyback revenue is recognised at the point of sale of the item back to the customer. Foreign exchange income represents the commission when selling or buying foreign currencies and is recognised at the point of sale. Any other revenues are recognised on an accruals basis.

The Group recognises interest income arising on secured and unsecured lending within trading revenue rather than investment revenue on the basis that this represents most accurately the business activities of the Group.

The Group recognises revenue and bad debt expenses (both impairments and movements on allowance accounts) on pawnbroking, personal loans and other financial services on a portfolio approach. The Group considers that the bad debts arising on the loans and receivables balances are a function of the revenue earned due to the nature of the activities, and accordingly records the net amount of interest or commissions due and bad debt expenses within revenue.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GROSS PROFIT

Gross profit is stated after charging bad debt expenses and the direct costs of inventory items sold or scrapped in the year.

OTHER DIRECT EXPENSES

Other direct expenses comprise all expenses associated with the operation of the various shops and collection centre of the Group, including premises expenses, such as rent, rates, utilities and insurance, all staff costs and staff related costs for the relevant employees.

OPERATING PROFIT

Operating profit is stated before investment income, finance costs, other gains and movement in the fair value of interest rate swaps.

EBITDA

EBITDA is defined as earnings before interest, taxation, depreciation and amortisation. It is calculated by adding back depreciation and amortisation to the operating profit as follows:

	2016 £'000	2015 £'000
Operating profit	**10,198**	7,518
Depreciation and amortisation	**2,940**	3,218
EBITDA	**13,138**	10,736

The Board consider EBITDA to be a key performance measure as the Group borrowing facility includes a number of loan covenants based on it.

RETIREMENT BENEFIT COSTS

The Group operates a defined contribution pension scheme which is contracted into the State Scheme. The amount charged to the Consolidated Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

EMPLOYEE SHARE INCENTIVE PLANS

The Group issues equity-settled share-based payments to certain employees (including Directors). These payments are measured at fair value at the date of grant by use of a Black-Scholes model or a Stochastic model depending on the vesting conditions attached to each scheme. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of any non market-based vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A corresponding credit is recorded in equity.

No cost is recognised for awards that do not ultimately vest.

DIVIDENDS

Dividends are provided for in the period in which they become a binding liability on the Company.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

REVENUE RECOGNITION

Interest receivable on pawnbroking loans is recognised as interest accrues by reference to the percentage of the pawn loans that are estimated to be redeemed and the effective interest rate applicable. The effective interest rate is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The estimated future cash receipts are based on the historical cash receipts experience (the "Pledge Redemption") of the business which vary from month to month. The Group monitors the Pledge Redemption on a monthly basis.

The critical judgement is that the Group does not recognise interest income on the pawn loans that are not expected to be redeemed. The Group recognises income on these loans when the related collateral that supports the loan is disposed of, through either the scrap or retail operations of the Group. The Group is of the opinion that the revenue earned on the unredeemed pledges is only realised from the Group perspective at the point at which the inventory, or scrap item that the Group obtains from the pledge collateral is disposed of. In arriving at this treatment, the Group also considers that the transfer value from pawn loans to inventory of the unredeemed pledge collateral cannot exceed the cost to the Group of the inventory item which is represented by the underlying loan amount provided on the unredeemed pledge item.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

IMPAIRMENT OF PERSONAL LOANS

Impairment is calculated using models which use historical payment performance to generate the estimated amount and timing of future cash flows from each arrears stage. Judgement is applied as to the appropriate point at which receivables are impaired and whether past payment performance provides a reasonable guide as to the collectability of the current personal loan receivables book.

INVENTORIES

The majority of the inventory balance is obtained as a result of default by pawn loan customers. The inventory is stated at cost to the Group, being the amount initially lent on the pawn loan, plus overheads directly related to bringing the inventory to its present location and condition.

The critical judgement is that the Group does not allocate any interest that would have been earned on the pawn loans to the cost of inventory. Accordingly, the profit that arises on the subsequent disposal of the inventory, through either retail or scrap, includes an element which relates to the appropriation by the Group of collaterals supporting pawn loans that have a higher market value, than the pawn loan amount.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

PAWNBROKING LOANS INTEREST ACCRUAL ESTIMATION

The Group recognises interest on pawnbroking loans as disclosed in the Critical judgements in applying the Group's accounting policies section above. The pawn loans interest accrual ('pledge accrual') is material to the financial statements and is dependent on the estimate that the Group makes of the expected level of redeemed pawn loans. The Group estimates the expected redemptions based on the historical redemption rates achieved. There is a risk that the actual redemption rate may vary significantly from the historical rate used to estimate the pledge accrual at the balance sheet date. The Directors assess the pledge accrual estimate made at the prior balance sheet date annually to determine if the actual redemption differs significantly to the previous estimate. No significant differences were noted for 2016 or 2015. The sensitivity of the pledge accrual to reasonable changes in the redemption rate is shown in note 26.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLES

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The review is conducted annually, in the final quarter of the year. The impairment review is conducted at the level of each cash generating unit, which for acquisitions represents the specific store or stores acquired.

There was no impairment loss recorded in the current year (2015: £nil). The principal assumptions applied by management in arriving at the value in use of each cash generating unit are as follows:

1. The Group prepares cash flow forecasts over a five year period for each cash generating unit, as disclosed in note 15. The year one cash flows are derived from the most recent financial budget and a forecast growth rate applied for years 2 to 5. A constant gold price of £950 per troy ounce is assumed. A perpetuity is then calculated for periods thereafter.
2. The Group has discounted the cash flows at a pre-tax, risk adjusted rate of 9%.

While the impairment review has been conducted based on the best available estimates at the impairment review date, the Group notes that actual events may vary from management expectation.

FAIR VALUE OF DERIVATIVES

The Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. This requires estimation of the future interest rates, and also the appropriate discount rate.

TRADE RECEIVABLES PROVISIONING

Trade and other receivables are stated at their nominal amount less expected impairment losses.

The impairment losses on the pledge book only relate to pledges seized by the police, shrinkage and our estimate of losses on pledges where the loan value exceeds the current market value. The pledge book items seized by the police are impaired on an item by item basis since the Group tracks the status of each pledge individually. The shrinkage provision is based on an estimate of the pledge book missing at the reporting date using historical shrinkage experience. The provision for pledges where loan value exceeds the current market value is calculated on an item by item basis with an estimate used for the proportion of those items which will ultimately be disposed of through pawnbroking scrap.

No other impairment losses are provided on the pledge book since the value of the collaterals is greater than the pledge book nominal value.

A provision for impairment on personal loans is recognised when a loan has no payments due, when contractual monthly payments are missed or when a balance is outstanding beyond the final repayment date.

With respect to all provisions that are based on estimates, there is a risk that actual losses incurred will vary significantly from management expectation at the balance sheet date, if historical loss rates are not a good indicator of the actual credit risk profile of the year-end receivables.

For further details on the provisions and impairment losses, refer to note 26, which show the amounts recorded in the period and the sensitivity at the balance sheet date to changes in the key assumptions with respect to impairment losses.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

INVENTORIES PROVISIONING

Where necessary provision is made for obsolete, slow moving and damaged inventory or inventory shrinkage. The provision for obsolete, slow moving and damaged inventory represents the difference between the cost of the inventory and its market value. The inventory shrinkage provision is based on an estimate of the inventory missing at the reporting date using historical shrinkage experience. For further details on the provisions for inventory, refer to note 7.

DILAPIDATIONS PROVISION

All the Group's premises are leased under operating leases. The majority of the leases include end of lease rectification clauses which impose certain requirements on the Group to complete repairs and maintenance, or re-decoration activities if required. The Group provides for both rectification costs and repairs and maintenance obligations. Rectification costs are provided for on signing the lease and repairs are provided as it becomes aware of any significant amounts that will be required. The Group does not provide for amounts where the potential exposure cannot be reliably measured and accordingly does not anticipate potential repairs and maintenance on the portfolio of stores. Additionally, the Group maintains the stores to a high standard and completes any necessary repairs and maintenance on a timely basis, addressing any events that require expenditure throughout the lease period as and when required. Such costs are expensed as incurred.

5. REVENUE

AN ANALYSIS OF THE GROUP'S REVENUE IS AS FOLLOWS:

	2016 £'000	2015 £'000
Sales of goods		
Gold purchasing, retail, pawnbroking scrap	**56,706**	54,521
Interest/commission earned		
Pawnbroking, cheque cashing and other financial services	**37,517**	34,723
Group revenue	**94,223**	89,244
Investment revenues	**1**	1
Total Group revenue	**94,224**	89,245

Further analysis of revenue by segment is shown in note 6.

INCLUDED IN THE ABOVE REVENUES ARE THE FOLLOWING ITEMS OF INCOME AND GAINS:

	2016 £'000	2015 £'000
Income		
Interest earned on financial assets not designated at fair value	**33,684**	33,868
Fees earned on financial assets not designated at fair value	**4,715**	4,686

6. OPERATING SEGMENTS

BUSINESS SEGMENTS

For reporting purposes, the Group is currently organised into six segments – Pawnbroking, Gold purchasing, Retail, Pawnbroking Scrap, Personal Loans and Other services.

The principal activities by segment are as follows:

PAWNBROKING:

Pawnbroking is a loan secured against a collateral (the pledge). In the case of the Group, over 99% of the collateral against which amounts are lent comprises precious metals (predominantly gold), diamonds and watches. The pawnbroking contract is a six-month credit agreement bearing a monthly interest rate of between 1.99% and 10.00%. The contract is governed by the terms of the Consumer Credit Act 2008 (previously the Consumer Credit Act 2002). If the customer does not redeem the goods by repaying the secured loan before the end of the contract, the Group is required to dispose of the goods either through public auctions if the value of the pledge is over £75 (disposal proceeds being reported in this segment) or, if the value of the pledge is £75 or under, through public auctions or the Retail or Pawnbroking Scrap activities of the Group.

GOLD PURCHASING:

Jewellery is bought direct from customers through all of the Group's stores. The transaction is simple with the store agreeing a price with the customer and purchasing the goods for cash on the spot. Gold Purchasing revenues comprise proceeds from scrap sales on goods sourced from the Group's purchasing operations.

6. OPERATING SEGMENTS (CONTINUED)
BUSINESS SEGMENTS (CONTINUED)
RETAIL:
The Group's retail proposition is primarily gold and jewellery and the majority of the retail sales are forfeited items from the pawnbroking pledge book or refurbished items from the Group's gold purchasing operations. The retail offering is complemented with a small amount of new or second-hand jewellery purchased from third parties by the Group.

PAWNBROKING SCRAP:
Pawnbroking Scrap comprises all other proceeds from gold scrap sales other than those reported within Gold Purchasing. The items are either damaged beyond repair, are slow moving or surplus to the Group's requirements, and are smelted and sold at the current gold spot price less a small commission.

PERSONAL LOANS:
Personal Loans comprises income from the Group's unsecured lending activities. Interest receivable on unsecured loans is recognised in revenue on an accruals basis less provision for loans not expected to be repaid. Personal Loans are subject to bad debt risk which is reflected in the interest rate applied.

OTHER SERVICES:
This segment comprises:

- Third Party Cheque Encashment which is the provision of cash in exchange for a cheque payable to our customer for a commission fee based on the face value of the cheque.
- Buyback which is a service where items are purchased from customers, typically high-end electronics, and may be bought back up to 31 days later for a fee.
- The Foreign Exchange currency service where the Group earns a commission when selling or buying foreign currencies.
- Western Union commission earned on the Group's money transfer service.
- The Prepaid debit card product where the Group earns a commission when selling the card or when the customer is topping up their card.

Cheque Cashing is subject to bad debt risk which is reflected in the commissions and fees applied.

Further details on each activity are included in the Chief Executive's Review on pages 9 to 11.

Segment information about these businesses is presented below:

2016	Pawnbroking £'000	Gold Purchasing £'000	Retail £'000	Pawnbroking Scrap £'000	Personal Loans £'000	Other Services £'000	For the year ended 2016 £'000
Revenue							
External sales	28,384	15,021	30,549	11,136	3,499	5,634	94,223
Total revenue	28,384	15,021	30,549	11,135	3,499	5,634	94,223
Segment result – gross profit	28,384	3,941	11,228	2,084	3,499	5,634	54,770
Other direct expenses							(32,247)
Administrative expenses							(12,325)
Operating profit							10,198
Investment revenues							1
Finance costs							(479)
Profit before taxation							9,720
Tax charge on profit							(2,138)
Profit for the financial year and total comprehensive income							7,582

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

6. OPERATING SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)

2015	Pawnbroking £'000	Gold Purchasing £'000	Retail £'000	Pawnbroking Scrap £'000	Personal Loans £'000	Other Services £'000	For the year ended 2015 £'000
Revenue							
External sales	28,437	15,260	29,543	9,718	2,389	3,897	89,244
Total revenue	28,437	15,260	29,543	9,718	2,389	3,897	89,244
Segment result – gross profit	28,437	2,297	10,326	116	2,389	3,897	47,462
Other direct expenses							(31,968)
Administrative expenses							(7,976)
Operating profit							7,518
Investment revenues							1
Finance costs							(679)
Profit before taxation							6,840
Tax charge on profit							(1,462)
Profit for the financial year and total comprehensive income							5,378

As disclosed in note 3, gross profit is stated after charging bad debt expenses and the direct costs of inventory items sold or scrapped in the period. Other operating expenses of the stores are included in other direct expenses. The Group is unable to meaningfully allocate the other direct expenses of operating the stores between segments as the activities are conducted from the same stores, utilising the same assets and staff. The Group is also unable to meaningfully allocate Group administrative expenses, or financing costs or income between the segments. Accordingly, the Group is unable to meaningfully disclose an allocation of items included in the consolidated statement of comprehensive income below gross profit, which represents the reported segment results.

The Group does not apply any inter-segment charges when items are transferred between the Pawnbroking activity and the Retail or Pawnbroking Scrap activities.

2016	Pawn-broking 2016 £'000	Gold Purchasing 2016 £'000	Retail 2016 £'000	Pawn-broking Scrap 2016 £'000	Personal Loans 2016 £'000	Other Services 2016 £'000	Unallocated assets/ (liabilities) 2016 £'000	For the year ended 2016 £'000
Other information								
Capital additions (*)								1,768
Depreciation and amortisation (*)								2,940
Balance sheet								
Assets								
Segment assets	47,301	1,005	29,066	570	9,375	—		87,317
Unallocated corporate assets							33,040	33,040
Consolidated total assets								125,065
Liabilities								
Segment liabilities	—	—	(649)	—	—	(260)		(909)
Unallocated corporate liabilities							(25,309)	(25,309)
Consolidated total liabilities								(26,218)

6. OPERATING SEGMENTS (CONTINUED)
BUSINESS SEGMENTS (CONTINUED)

2015	Pawn-broking 2015 £'000	Gold Purchasing 2015 £'000	Retail 2015 £'000	Pawn-broking Scrap 2015 £'000	Personal Loans 2015 £'000	Other Services 2015 £'000	Unallocated assets/ (liabilities) 2015 £'000	For the year ended 2015 £'000
Other information								
Capital additions (*)							1,173	1,173
Depreciation and amortisation (*)							3,218	3,218
Balance sheet								
Assets								
Segment assets	44,548	406	24,811	231	4,152	—		74,148
Unallocated corporate assets							35,864	35,864
Consolidated total assets								114,403
Liabilities								
Segment liabilities	—	—	(634)	—	—	(215)		(849)
Unallocated corporate liabilities							(19,494)	(19,494)
Consolidated total liabilities								(20,343)

(*) The Group cannot meaningfully allocate this information by segment due to the fact that all the segments operate from the same stores and the assets in use are common to all segments.

GEOGRAPHICAL SEGMENTS
The Group's revenue from external customers by geographical location are detailed below:

	2016 £'000	2015 £'000
United Kingdom	**93,487**	88,808
Other	**736**	436
	94,223	89,244

The Group's non-current assets are located entirely in the United Kingdom. Accordingly, no further geographical segments analysis is presented.

MAJOR CUSTOMERS
Included in revenues arising from Gold Purchasing and Pawnbroking Scrap segments are revenues from the Group's largest customer of £22,876,000 (2015: £21,214,000) and from its second largest customer of £1,114,600 (2015: £1,863,000), which makes more than 10% of the total revenue. These customers are bullion houses involved in the processing of the Group's scrap gold.

7. PROFIT BEFORE TAXATION

	2016 £'000	2015 £'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment reported within:		
– Other direct expenses	**2,567**	2,799
– Administrative expenses	**119**	98
Amortisation of intangible assets (reported within Other direct expenses)	**254**	321
Loss on disposal of property, plant and equipment	**265**	75
Cost of inventories recognised as expense	**38,885**	41,102
Write downs of inventories recognised as an expense	**567**	680
Staff costs (see note 9)	**24,225**	20,922

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

8. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration, exclusive of VAT, is as follows:

	2016 £'000	2015 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**47**	45
Fees payable to the Company's auditor for other services to the Group		
– The audit of the Company's subsidiaries pursuant to legislation	**48**	45
Total audit fees	**95**	90
– Tax services	**10**	13
– Other services	**—**	17
Total non-audit fees	**10**	30

The Company and Group audit fees are borne by a subsidiary undertaking, Harvey & Thompson Limited.

There were no fees payable to the Company's auditor and its associates in respect of associated pension schemes.

9. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

NON-EXECUTIVE DIRECTORS' EMOLUMENTS

The 3 (2015: 3) Non-Executive Directors receive payments for services rendered to the H&T Group plc Group. Their emoluments are included in the analysis below.

	2016 £'000	2015 £'000
Directors' emoluments		
Aggregate emoluments	**922**	598
Gain on exercise of share options	**146**	—
Company pension contributions to money purchase schemes	**43**	42
	1,111	640

All Executive Directors during the year (2015: all) participated in Harvey & Thompson Limited's money purchase pension scheme. In addition, £16,000 (2015: £54,000) was charged to the Consolidated Statement of Comprehensive Income in respect of the fair value of the share options and conditional shares granted to the Directors under the different schemes. Two (2015: None) of the Directors exercised options over shares in the Company in the year. None (2015: None) of the Directors were granted shares under the long term incentive scheme.

	2016 £'000	2015 £'000
Highest paid Director		
Aggregate emoluments	**460**	256
Gain on exercise of share options	**92**	—
Company pension contributions to money purchase scheme	**25**	24

In addition, £4,000 (2015: £27,000) was charged to the Consolidated Statement of Comprehensive Income in respect of the fair value of the share options and conditional shares granted under the different schemes.

	2016 No.	2015 No.
Monthly average number of persons employed (including Directors)		
Branches	**986**	953
Administration	**115**	100
	1,101	1,053

9. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)
NON-EXECUTIVE DIRECTORS' EMOLUMENTS (CONTINUED)

	2016 £'000	2015 £'000
Staff costs during the year (including Directors)		
Wages and salaries	**21,814**	18,860
Share option expense (note 28)	**16**	104
Social security costs	**2,048**	1,620
Other pension costs	**347**	338
	24,225	20,922

All Directors and employees are remunerated through a subsidiary Group Company. The Directors of Harvey & Thompson Limited, the trading subsidiary, are the key management personnel of the Group, of which none are female.

10. INVESTMENT REVENUES

	2016 £'000	2015 £'000
Interest revenue:		
Bank deposits	**1**	1

Investment revenues earned on financial assets (analysed by category of asset) is as follows:

	2016 £'000	2015 £'000
Loans and receivables (including cash and bank balances)	**1**	1

Interest revenue recognised on pawnbroking and other financial services is reported within revenue for the reasons discussed in note 3.

11. FINANCE COSTS

	2016 £'000	2015 £'000
Interest on bank loans	**348**	524
Other interest	**1**	2
Amortisation of debt issue costs	**130**	153
Total interest expense	**479**	679

12. TAX CHARGE ON PROFIT
(A) TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £'000	2015 £'000
Current tax		
United Kingdom corporation tax charge at 20% (2015: 20.3%) based on the profit for the year	**2,143**	1,549
Adjustments in respect of prior years	**191**	(72)
Total current tax	**2,334**	1,477
Deferred tax		
Timing differences, origination and reversal	**(278)**	21
Adjustments in respect of prior years	**12**	(36)
Effects of change in tax rate	**70**	—
Total deferred tax (note 24)	**(196)**	(15)
Tax charge on profit	**2,138**	1,462

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

12. TAX CHARGE ON PROFIT (CONTINUED)

(B) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than that resulting from applying a blended standard rate of corporation tax in the UK of 20% (2015: 20.3%). The differences are explained below:

	2016 £'000	2015 £'000
Profit before taxation	**9,720**	6,840
Tax charge on profit at standard rate	**1,944**	1,389
Effects of:		
Disallowed expenses and non-taxable income	**(29)**	(49)
Non-qualifying depreciation	**—**	117
Effect of change in tax rate	**70**	—
Movement in short-term timing differences	**(50)**	113
Adjustments to tax charge in respect of prior years	**203**	(108)
Tax charge on profit	**2,138**	1,462

In addition to the amount charged to the income statement and in accordance with IAS 12, the excess of current and deferred tax over and above the relative related cumulative remuneration expense under IFRS 2 has been recognised directly in equity. This amounted to a charge to equity in the current period of £56,000 (2015: £nil).

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. With respect to the Group these represent share options and conditional shares granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Reconciliations of the earnings per ordinary share and weighted average number of shares used in the calculations are set out below:

	Year ended 31 December 2016			Year ended 31 December 2015		
	Earnings £'000	**Weighted average number of shares**	**Per-share amount pence**	Earnings £'000	Weighted average number of shares	Per-share amount pence
Earnings per share: basic	**7,582**	**36,212,688**	**20.94**	5,379	36,154,799	14.88
Effect of dilutive securities						
Options and conditional shares	**—**	**101,947**	**(0.06)**	—	34,805	(0.02)
Earnings per share: diluted	**7,582**	**36,314,635**	**20.88**	5,379	36,189,604	14.86

14. DIVIDENDS

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2015 of 4.5 pence (2014: 2.7p) per share	**1,666**	995
Interim dividend for the year ended 31 December 2016 of 3.9 pence (2015: 3.5p) per share	**1,443**	1,290
	3,109	2,285
Amounts proposed and not recognised:		
Proposed final dividend for the year ended 31 December 2016 of 5.3 pence (2015: 4.5p) per share.	**1,963**	1,659

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and accordingly, has not been included as a liability in these financial statements.

15. GOODWILL

	Goodwill arising on purchase of subsidiaries £'000	Goodwill arising on trade and asset purchases £'000	Total Goodwill £'000
Cost and carrying amount			
At 1 January 2015	14,133	3,574	17,707
At 1 January 2016	14,133	3,574	17,707
Disposals	—	(31)	(31)
At 31 December 2016	14,133	3,543	17,676

There are no recognised impairment losses at 31 December 2016.

Goodwill acquired in business combinations is allocated as follows:

	2016 £'000	2015 £'000
Harvey & Thompson Limited	**14,133**	14,133
Stores acquired in 2005	**182**	213
Stores acquired in 2006	**553**	553
Stores acquired in 2007	**1,516**	1,516
Stores acquired in 2008	**391**	391
Stores acquired in 2010	**19**	19
Stores acquired in 2011	**48**	48
Stores acquired in 2012	**679**	679
Stores acquired in 2013	**155**	155
	17,676	17,707

The Harvey & Thompson Ltd cash generating unit was created when H&T Group plc acquired Harvey & Thompson Limited in September 2004. Management is unable to allocate this goodwill by store and accordingly, tests this for impairment at the subsidiary entity level. All assets acquired after September 2004 are reviewed for impairment at the related store level. The stores are grouped for financial reporting purposes by year of acquisition to facilitate presentation and comparability on a year by year basis. Additionally, store performance is monitored by management based on the year of acquisition as the historical performance of an individual store is linked to its acquisition date. This approach is reflected in the way management has presented the above cash generating units.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The impairment review was conducted as described in note 4.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

16. OTHER INTANGIBLE ASSETS

	Software £'000	Customer relationships £'000	Total £'000
Cost			
At 1 January 2015	1,628	2,464	4,092
Additions	—	17	17
Disposals	(18)	—	(18)
At 1 January 2016	1,610	2,481	4,091
Additions	—	31	31
At 31 December 2016	1,610	2,512	4,122
Amortisation			
At 1 January 2015	1,430	1,606	3,036
Charge for the year	67	254	321
Disposals	(18)	—	(18)
At 1 January 2016	1,479	1,860	3,339
Charge for the year	67	187	254
At 31 December 2016	1,546	2,047	3,593
Carrying amount			
At 31 December 2016	64	465	529
At 31 December 2015	131	621	752

The customer relationships intangible assets arise from the acquisition of trade and assets of sole partnerships or limited companies with no audited financial statements and reflect the repeat business associated with the pawnbroking and pay day advance industry from existing customers at the acquisition date of the relevant assets.

The amortisation period for customer relationship intangible assets is between 6 and 8 years and the amortisation period for software intangible assets is 7 years. These amortisation periods reflect the Directors' best estimate of the estimated useful economic lives of these intangible assets.

17. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold premises £'000	Long leasehold premises £'000	Motor Vehicles £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation						
At 1 January 2015	23,588	217	22	4,380	4,453	32,660
Additions	490	—	—	463	203	1,156
Disposals	(370)	—	—	(17)	(23)	(410)
At 1 January 2016	23,708	217	22	4,826	4,633	33,406
Additions	793	1	9	518	416	1,737
Disposals	(571)	—	(9)	(39)	(52)	(671)
At 31 December 2016	23,930	218	22	5,305	4,997	34,472
Accumulated depreciation and impairment						
At 1 January 2015	15,561	94	7	3,966	3,078	22,706
Charge for the year	2,340	26	5	201	325	2,897
Disposals	(300)	—	—	(17)	(18)	(335)
At 1 January 2016	17,601	120	12	4,150	3,385	25,268
Charge for the year	2,083	26	6	237	334	2,686
Disposals	(310)	—	—	(15)	(31)	(356)
At 31 December 2016	19,374	146	18	4,372	3,688	27,598
Carrying amount						
At 31 December 2016	4,556	72	4	933	1,309	6,874
At 31 December 2015	6,107	97	10	676	1,248	8,138

Capital commitments for tangible and intangible assets are disclosed in note 32.

18. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note C to the Company's separate financial statements.

19. INVENTORIES

	2016 £'000	2015 £'000
Retail and scrap inventory	**29,792**	24,802

Of the retail and scrap inventory, approximately 93.97% represents gold, jewellery and watch items. The remaining balance is miscellaneous items (mostly electrical goods and art pieces) which were previously held as pledge collaterals and subsequently forfeited.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

20. TRADE AND OTHER RECEIVABLES

	2016 £'000	2015 £'000
Trade receivables	**50,335**	42,525
Other receivables	**199**	250
Pledge accrued income	**6,495**	6,255
Prepayments and accrued income	**2,029**	1,863
	59,058	50,893

Trade and other receivables are disclosed net of impairment.

The pledge loan balance of £40.8m (2015: £38.3m) and personal loan book of £9.4m (2015: £4.2m) are included, net of provisions, within the trade receivables balance.

OTHER CURRENT ASSETS

	2016 £'000	2015 £'000
Other current assets	**848**	646

Other current assets represent Buyback inventory, where the Company holds items for 31 days in order for customers to re-purchase their items.

21. CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash and cash equivalents	**9,608**	10,923

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Further details on financial instruments, including the associated risks to the Group and allowances for bad and doubtful debts and fair values, is provided in note 26.

22. TRADE AND OTHER PAYABLES

	2016 £'000	2015 £'000
Trade payables	**1,350**	1,420
Other taxation and social security costs	**508**	500
Accruals and deferred income	**7,029**	3,562
	8,887	5,482

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 36 days (2015: 30 days). For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	2016 £'000	2015 £'000
Current tax liabilities	**1,119**	645

23. BORROWINGS

	2016 £'000	2015 £'000
Long term portion of bank loan	**15,000**	13,000
Unamortised issue costs	**(285)**	(89)
Amount due for settlement after more than one year	**14,715**	12,911

In February 2016 the Group re-financed the facility with Lloyds Bank plc.

The key terms of the new facility are:

KEY TERM	DESCRIPTION
Total Facility Size	£30m
Termination Date	30 April 2020
Utilisation	The facility is available to be drawn down to the full £30m so long as the Company remains compliant with leverage and interest cover ratios as stipulated in the Credit Agreement.
Margin	The facility has an interest calculation of LIBOR plus a margin of between 1.75% and 2.75%, dependent on ratios as stipulated in the Credit Agreement.
Interest Payable	Interest due on the loans is payable at each interest period end. Interest amounts outstanding at the year-end are included in accruals.
Fixed Repayments	No capital repayments prior to termination date.

DEFERRED DEBT ISSUE COSTS
There were £130,000 of deferred debt issue costs written off in the period to the Statement of Comprehensive Income (2015: £153,000).

SECURITY
The facility is secured by a fixed and floating charge over various assets of the Group.

UNDRAWN BORROWING FACILITIES
At 31 December 2016, the Group had available £15,000,000 (2015: £37,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

24. DEFERRED TAX
The following are the deferred tax assets recognised by the Group and movements thereon during the current and prior year.

	Property, Plant and Equipment differences £'000	**Hold over capital gain £'000**	**Short-term timing differences £'000**	**Share based payment £'000**	**Total £'000**
At 1 January 2015	147	(130)	306	204	527
Prior year adjustment	36	—	—	—	36
(Debit)/Credit to income	83	4	(13)	(95)	(21)
At 1 January 2016	266	(126)	293	109	542
Prior year adjustment	(66)	123	(69)	—	(12)
(Debit)/Credit to income	170	3	20	15	208
Debit to equity	—	—	—	(56)	(56)
As 31 December 2016	370	—	244	68	682

Deferred tax assets and liabilities all relate to the same tax jurisdiction and taxable entities, and are expected to reverse over the same time periods. Accordingly, these have been offset in the balance sheet.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

24. DEFERRED TAX (CONTINUED)

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016.

These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax asset as at 31 December 2016 has been calculated between 19% and 17% depending on when the deferred tax asset is expected to be utilised in future periods.

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary difference.

25. PROVISIONS

	Provision for dilapidation and onerous leases £'000
At 1 January 2015	1,490
Released provision	(18)
Provision utilised in the year	(167)
At 1 January 2016	1,305
Additional provision in the year	265
Released provision	(19)
Provision utilised in the year	(54)
At 31 December 2016	1,497

The dilapidation provision represents management's best estimate of the Group's liability to repair and maintain certain of the properties contracted under operating lease agreements and settled at the individual lease end dates. At the reporting date no demand to enforce the dilapidation contractual obligations has been made by the related property landlords.

Provisions for onerous leases are recognised when the Group believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

26. FINANCIAL INSTRUMENTS

The Group's financial assets and liabilities, as defined under IAS 39, and their estimated fair values are as follows:

At 31 December 2016	**Fair value through profit or loss £'000**	**Loans and receivables £'000**	**Financial liabilities at amortised cost £'000**	**Book Value total £'000**	**Fair value total £'000**
Financial assets					
Pawnbroking trade receivables	—	47,300	—	47,300	51,147
Other financial services trade receivables	—	9,375	—	9,375	9,375
Other assets	—	171	—	171	171
Cash and cash equivalents	—	9,608	—	9,608	9,608
Financial liabilities					
Trade and other payables	—	—	(8,379)	(8,379)	(8,379)
Borrowings due within one year	—	—	—	—	—
Borrowings due after more than one year	—	—	(14,715)	(14,715)	(14,715)
Net financial assets/(liabilities)	—	66,454	(23,094)	43,360	47,207

26. FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2015	Fair value through profit or loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Book Value total £'000	Fair value total £'000
Financial assets					
Pawnbroking trade receivables	—	44,548	—	44,548	45,954
Other financial services trade receivables	—	4,152	—	4,152	4,152
Other assets	—	363	—	363	363
Cash and cash equivalents	—	10,923	—	10,923	10,923
Financial liabilities					
Trade and other payables	—	—	(5,233)	(5,233)	(5,233)
Borrowings due within one year	—	—	—	—	—
Borrowings due after more than one year	—	—	(12,911)	(12,911)	(12,911)
Net financial assets/(liabilities)	—	59,986	(18,144)	41,842	43,248

FAIR VALUE
The assumptions used by the Group to estimate the current fair values are summarised below:

(i) For trade receivables relating to Pawnbroking, the fair value has been calculated by adding:

- The principal outstanding on pawn loans;
- The interest receivable accrued using the effective interest rate method based on assumed redemption; and
- Assumed scrap profits on the proportion of the Group's pledge book that is not expected to be redeemed, i.e. those loans upon which the Group does not recognise interest due to the uncertainty of recovery.

(ii) Other trade receivables and other assets are considered to have fair values which are the same as their book values due to the short period over which they will be recovered. Book values for both cheque cashing and financial services trade receivables are calculated net of provisions, and hence represent the Group's best estimate of recovery values based upon recent debt collections experience.

(iii) Cash and cash equivalents are all held on interest bearing bank accounts are considered to have a fair value the same as their book value.

(iv) For borrowings and trade and other payables, the book value approximates to fair value because of their short maturities and interest rates where applicable. None of the trade or other payables are interest bearing. The borrowings are all held at floating interest rates which approximate market rates, and accordingly, the book value and fair value are the same.

The fair value of the pawnbroking trade receivables is determined using a model where the inputs are derived from historical trends monitored by the Group. This valuation therefore falls within level 3 of the fair value hierarchy in IAS 39. The fair value of all other financial instruments is equivalent to their book value due to their short maturities.

FINANCIAL RISKS
The Group monitors and manages the financial risks relating to the financial instruments held. The principal risks include credit risk on financial assets, and liquidity and interest rate risk on financial liability borrowings. The key risks are analysed below.

<u>CREDIT RISK</u>
PAWNBROKING TRADE RECEIVABLES
The Group is exposed to credit risk through customers defaulting on their loans. The key mitigant to this risk is the requirement for the borrower to provide security (the pledge) in entering a pawnbroking contract. The security acts to minimise credit risk as a customer's pledge becomes the property of the pawnbroker on default of the loan.

In addition to holding security, the Group further mitigates credit risk by:

i) Applying strict lending criteria to all pawn loans

Pledges are rigorously tested and appropriately valued. In all cases where the Group lending policy is applied, the value of the pledge items is in excess of the pawn loan.

The Group estimates that the current fair value of the security is equal to the current book value.

ii) Seeking to improve redemption ratios:

For existing customers, loan history and repayment profiles are factored into the loan making decision. The Group has a high customer retention ratio and all customers are offered high customer service levels.

A 1% increase/(decrease) in the Group's redemption ratio is estimated to impact the pre-tax profit by £53,000/(£74,000). This does not account for lost repeat business however, and as such the Group sees more value in retaining a high redemption ratio.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

26. FINANCIAL INSTRUMENTS (CONTINUED)

CREDIT RISK (CONTINUED)

PAWNBROKING TRADE RECEIVABLES (CONTINUED)

Additionally, the Group is exposed to risk in recovery of the loan amounts, which is considered to be similar to credit risk, due to:

(i) assets being pledged as security against loans, which are subsequently seized by the police; and

(ii) assets being pledged as security against loans which are subsequently lost or stolen, resulting in the borrower being relieved of the liability to the Group.

The legal title that the Group can enforce on these items, and their ongoing security are therefore vital to the Group to ensure that the credit risk is mitigated to an acceptable level. The Group continually reviews and monitors, at both store and at Board level, its internal controls to ensure the adequacy of the pledged items. The key aspects of this are:

- Appropriate details are kept on all customers the Group transacts with;
- All pawn contracts comply with the Consumer Credit Act 2006;
- Appropriate physical security measures are in place to protect pledged items; and
- An internal audit department monitors compliance with policies at the Group's stores.

The Pawnbroking trade receivables are disclosed net of the provision for bad and doubtful debts associated with these financial assets, including full provision on assets notified to the Group by the police as frozen assets. The movement in the provision is as follows:

	£'000
Balance at 1 January 2015	688
Net Consolidated Statement of Comprehensive Income charge	146
Written off	(138)
Balance at 31 December 2015	696
Net Consolidated Statement of Comprehensive Income charge	(216)
Written off	50
Balance at 31 December 2016	530

The ageing of past due but not impaired receivables is as follows:

	2016 £'000	2015 £'000
0-90 days	**6,101**	6,295
Over 90 days	**2,152**	2,195
Total	**8,253**	8,490

The Group has not provided for the £8,253,000 (2015: £8,490,00) contractually overdue receivables (i.e. loans where the pawn agreement has terminated but the customer has not redeemed the assets) at the reporting date since the realisable value of the security held is greater than the carrying value of the pledge loan as disclosed above. The Group does not start the disposition process of the unredeemed pledges until three months after the end of the credit agreement since it is commercial practice to allow additional time for the customers to redeem their pledged items, for an additional fee.

The maximum exposure to credit risk would be £47,300,000 (2015: £44,548,000), being the gross carrying amount net of any amounts offset and any impairment losses.

OTHER TRADE RECEIVABLES

This class represents amounts recoverable by the Group through receivables arising from the other financial services activities it engages in, and is exposed to credit risk through default on the loan amounts for Personal Loans, or default from the drawer for Third Party Cheque Encashment. On each product the Group employs appropriate policies to mitigate the credit risk including credit checks, obtaining legal security provided and appropriate staff recruitment and training policies. The Group monitors the ongoing risk associated with this class of financial assets through a continual review of bad debts, modifications to the lending policy, and internal audit activities. In the event of default by the customer, the Group has also developed a debt collection department to recover any outstanding debt.

26. FINANCIAL INSTRUMENTS (CONTINUED)
CREDIT RISK (CONTINUED)
OTHER TRADE RECEIVABLES (CONTINUED)
Personal Loans and Other Services receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Personal Loans £'000	Other Services £'000	Total £'000
Balance at 1 January 2015	1,027	27	1,054
Net Consolidated Statement of Comprehensive Income charge	3,771	(2,534)	1,237
Written off	(3,429)	2,524	(905)
	1,369	17	1,386
Balance at 31 December 2015			
Net Consolidated Statement of Comprehensive Income charge	3,176	4,388	7,564
Written off	(2,349)	(4,389)	(6,739)
Balance at 31 December 2016	2,196	16	2,211

Trade receivables not overdue are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

CASH AND CASH EQUIVALENTS
The cash and cash equivalents balance comprises both bank balances and cash floats at the stores. The bank balances are subject to very limited credit risk as they are held with banking institutions with high credit ratings assigned by international credit rating agencies. The cash floats are subject to risks similar to any retailer, namely of theft or loss by employees or third parties. These risks are mitigated by the security systems, policies and procedures that the Group operates at each store, the Group recruitment and training policies and the internal audit function.

The concentration of bank balances by counterparty financial institution is as follows:

	Credit rating	**2016 £'000**	2015 £'000
Barclays Bank plc	A1	**945**	881
Lloyds Bank plc	A1	**1,412**	3,761
The Royal Bank of Scotland plc	A3	**76**	581
Cash at stores	—	**7,175**	5,700
		9,608	10,923

MARKET RISK
PAWNBROKING TRADE RECEIVABLES
The collateral which protects the Group from credit risk on non-redemption of pawn loans is 99% (2015: 99%) comprised of gold, jewellery items and watches. The value of gold items held as security is directly linked to the price of gold. The Group is therefore exposed to adverse movements in the price of gold on the value of the security that would be attributable for sale in the event of default by the borrower.

A 5% increase/(decrease) in the gold price is estimated to impact the pre-tax profit by £11,000/(£11,000). The Group considers this risk to be limited for a number of reasons.

First of all, the Group applies conservative lending policies in pawnbroking pledges reflected in the blended margin made on retail sales and scrap gold when contracts forfeit. The value of gold for our customers is also much greater than the price of gold since jewellery items contain a retail margin. The Group is also protected due to the short-term value of the pawn contract (6 months). In the event of a significant drop in the price of gold, the Group could mitigate this risk by reducing its lending policy on pawnbroking pledges, by increasing the proportion of gold sold through retail sales or by entering gold hedging instruments. Management monitors the gold price on a constant basis.

Considering areas outside of those financial assets defined under IAS 39, the Group is subject to higher degrees of pricing risk. The price of gold will affect future Group profitability in three key ways:

i) A lower gold price will adversely affect the scrap disposition margins on existing inventory, whether generated by pledge book forfeits or via the Group's purchasing operations. While scrap profits will be impacted immediately, retail margins may be less impacted in the short-term.

ii) While the Group's lending and purchasing rates do not track gold price movements in the short-term, any sustained fall in the price of gold is likely to cause lending and purchasing rates to fall in the longer term thus potentially reducing future profitability as:

   a. the size of the pledge book and associated yield is directly linked to lending rates, and

   b. assuming constant disposition margins, absolute disposition profits would decrease as lending and purchasing rates decrease

iii) A lower gold price may reduce the attractiveness of the Group's gold purchasing operations.

Conversely, a lower gold price may dampen competition as lower returns are available and hence this may assist in sustaining margins.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

26. FINANCIAL INSTRUMENTS (CONTINUED)

LIQUIDITY RISK

BORROWINGS

The Group has significant borrowings exposing it to liquidity risk in both repayment of borrowings and availability of finance. In order to mitigate this risk, the Group uses a mixture of short-term and long-term debt finance with banking institutions with high credit-ratings assigned by international credit-rating agencies. The current borrowings are disclosed in detail in note 23, which shows that the Group has arrangements in place for funding until 2020. At 31 December 2016, the Group also has available £15,000,000 (2015: £37,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. This level of headroom is considered sufficient to finance operations at the current level, and as described in note 23, the Group currently has a £30m facility which is available to draw upon. Furthermore, as shown in note 30, the business generates a positive cash flow from operating activities and has discretion in its expansion programme should the Group need to improve short-term cash flow.

The Group is in full compliance with all loan covenants.

The maturity analysis of the cash flows arising from both current borrowing arrangements that expose the Group to liquidity risk are as follows:

Payments due by period	**Less than 30 days £'000**	**30-60 days £'000**	**60 days to 180 days £'000**	**180 days to 1 year £'000**	**1-2 years £'000**	**2-3 years £'000**	**3-5 years £'000**	**Total £'000**
At 31 December 2016								
Floating rate borrowings	25	25	99	152	301	301	15,099	16,002
Trade and other payables	1,350	7,029	—	—	—	—	—	8,379
Total	1,375	7,054	99	152	301	301	15,099	24,381

Payments due by period	Less than 30 days £'000	30-60 days £'000	60 days to 180 days £'000	180 days to 1 year £'000	1-2 years £'000	2-3 years £'000	3-5 years £'000	Total £'000
At 31 December 2015								
Floating rate borrowings	40	40	138	201	397	397	13,529	14,742
Trade and other payables	1,420	3,813	—	—	—	—	—	5,233
Total	1,460	3,853	138	201	397	397	13,529	19,975

The amounts reported above for floating rate borrowings include the principal amount of borrowings as well as the interest payable on these borrowings. The floating rates used to predict the interest cash flows are based on the relevant LIBOR yield curve derived from quoted interest rates. The above amounts are contractual, undiscounted cash flows.

INTEREST RATE RISK

BORROWINGS

The Group is funded based on a combination of equity and bank borrowings. The bank borrowings are all held at floating rates based on LIBOR. Accordingly the Group is exposed to cash flow risk through changes in the LIBOR rate impacting cash flows.

Analysis is shown below to demonstrate the sensitivity on profitability of a 1% change in LIBOR, subject to LIBOR being a minimum of 0%. The analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	1.0% decrease in interest rates £'000	1.0% increase in interest rates £'000
At 31 December 2016		
Finance costs: gain/(loss)	**38**	**(150)**
Total pre tax impact on profit from gain/(loss)	**38**	**(150)**
Post tax impact on equity gain/(loss)	**31**	**(120)**
At 31 December 2015		
Finance costs: gain/(loss)	66	(130)
Total pre tax impact on profit from gain/(loss)	66	(130)
Post tax impact on equity gain/(loss)	53	(104)

26. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL ASSETS

The Group is not exposed to significant interest rate risk on the financial assets, other than cash and cash equivalents, as these are lent at fixed rates, which reflect current market rates for similar types of secured or unsecured lending, and are held at amortised cost.

Cash and cash equivalents are exposed to interest rate risk as they are held at floating rates, although the risk is not significant as the interest receivable is not significant.

27. SHARE CAPITAL

	2016 £'000	2015 £'000
Issued and fully paid		
37,043,487 (2015: 36,856,264) ordinary shares of £0.05 each	**1,852**	1,843

The Company has one class of ordinary shares which carry no right to fixed income.

Options over shares of the Company are disclosed in note 28. Under these share option arrangements, there are 1,281,558 (2015: 1,583,978) open options over shares.

EMPLOYEE BENEFIT TRUST SHARES RESERVE

The Group presents these conditional shares as an adjustment to own equity at the balance sheet date through the Employee Benefit Trust shares reserve, until the point that the shares are awarded, and cease to be conditional awards of shares. The award of shares under the LTIP is conditional upon certain vesting criteria, as outlined in note 28.

Movements in this reserve are shown in the Consolidated Statement of Changes in Equity.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

GEARING RATIO

Although the Group reviews its gearing ratio at each reporting date, no specific target has been fixed by management. The Group's gearing ratio at the year end is as follows:

Gearing Ratio	**2016 £'000**	2015 £'000
Debt	**15,000**	13,000
Cash and cash equivalents	**(9,608)**	(10,923)
Net debt	**5,392**	2,077
Equity	**98,847**	94,060
Net debt to equity ratio	**5.5%**	2.2%

Debt is defined as long and short-term borrowings, as detailed in note 23, before unamortised issue costs.

Equity includes all capital and reserves of the Group attributable to equity holders of the Company.

EXTERNALLY IMPOSED CAPITAL REQUIREMENT

The Group is not subject to any externally imposed capital requirements.

28. SHARE-BASED PAYMENTS

As at 31 December 2016, the Company operated three share award schemes. The charge for the year in respect of all schemes was:

	2016 £'000	2015 £'000
A. Approved Share Option Scheme	**7**	37
B. Unapproved Share Option Scheme	**—**	3
C. Long-term Incentive Plan	**9**	64
	16	104

Awards that can be granted under the three schemes total a maximum of 3,704,349 shares (2015: 3,685,626 shares).

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

28. SHARE-BASED PAYMENTS (CONTINUED)

A. APPROVED SHARE OPTION SCHEME ('ASOS')

The Approved Share Option Scheme is a share option scheme approved by HMRC where favourable tax treatment is received on exercise by the employee. The options may be granted to all management from Shop Manager to Executive Director level. The Remuneration Committee of the ultimate Parent Company, H&T Group plc, sets the performance conditions.

The performance conditions applicable to the options granted in 2006, 2007, 2008, 2009 and 2010 have already been met. The performance conditions applicable to grants in subsequent years are as follows:

- Options granted in 2011, 2012 and 2013 become exercisable subject to continued employment within the Group as at the exercise date.

Early exercise of the options is permitted if an option holder ceases to be employed by reason of death, injury, disability, retirement or sale of his employing company.

The options outstanding at the year end were as follows:

	Grant date	Exercise price Pence	Number of shares	Earliest date of exercise	Expiry date
ASOS 2006	September 2006	182.5	—	7/09/2009	6/09/2016
ASOS 2007	May 2007	217.5	21,014	16/05/2010	15/05/2017
ASOS 2008	May 2008	175.5	29,077	15/05/2011	14/05/2018
ASOS 2009	April 2009	194.0	42,049	30/04/2012	29/04/2019
ASOS 2010	April 2010	245.5	86,195	19/04/2013	18/04/2020
ASOS 2011	April 2011	298.5	116,816	18/04/2014	17/04/2021
ASOS 2012	March 2012	297.0	146,233	29/03/2015	28/03/2022
ASOS 2013	March 2013	292.25	163,015	28/03/2016	27/03/2023

The Group did not issue any share options during 2014, 2015 and 2016.

A reconciliation of option movements for the ASOS is set out below:

	2016 Number of share options	**2016 Weighted average exercise price (in pence)**	2015 Number of share options	2015 Weighted average exercise price (in pence)
Outstanding at beginning of the year	**773,010**	**267.5**	774,479	267.5
Granted during the year	**—**	**—**	—	—
Forfeited during the year	**(107,415)**	**273.9**	(1,469)	294.6
Exercised during the year	**(61,196)**	**202.5**	—	—
Outstanding at the end of the year	**604,399**	**272.9**	773,010	267.5
Exercisable at the end of the year	**604,399**	**194.07**	578,471	259.12

B. UNAPPROVED SHARE OPTION SCHEME ('USOS')

The Unapproved Share Option Scheme is a discretionary option scheme under which the Remuneration Committee of H&T Group plc may grant options to all Executive Directors and Senior Management of the Company. The Remuneration Committee of H&T Group plc sets the performance conditions.

Exercise of an option is subject to continued employment over a three year period from the date of the grant. Early exercise of the options is permitted if an option holder ceases to be employed by reason of death, injury, disability, retirement or sale of his employing company.

The options outstanding at the year end were as follows:

	Grant date	Exercise price Pence	Number of shares	Earliest date of exercise	Expiry date
USOS 2006	September 2006	182.5	—	7/09/2009	6/09/2016
USOS 2007	May 2007	217.5	112,643	16/05/2010	15/05/2017
USOS 2008	May 2008	175.5	146,424	15/05/2011	14/05/2018
USOS 2009	April 2009	194.0	152,215	30/04/2012	29/04/2019
USOS 2010	April 2010	245.5	220,631	19/04/2013	18/04/2020
USOS 2011	April 2011	298.5	8,139	18/04/2014	17/04/2021
USOS 2012	March 2012	297.0	10,434	29/03/2015	28/03/2022
USOS 2013	March 2013	292.3	26,673	28/03/2016	27/03/2023

The Group did not issue any share options during 2014, 2015 and 2016.

28. SHARE BASED PAYMENTS (CONTINUED)
B. UNAPPROVED SHARE OPTION SCHEME ('USOS') (CONTINUED)

A reconciliation of option movements for the USOS is set out below:

	Number of share options	**2016 Weighted average exercise price (in pence)**	Number of share options	2015 Weighted average exercise price (in pence)
Outstanding at beginning of the year	**810,142**	**212.3**	810,968	212.4
Granted during the year	**—**	**—**	—	—
Forfeited during the year	**(6,956)**	**251.7**	(826)	297.0
Exercised during the year	**(126,027)**	**182.5**	—	—
Outstanding at the end of the year	**677,159**	**217.4**	810,142	212.3
Exercisable at the end of the year	**677,159**	**217.4**	783,213	209.5

C. LONG-TERM INCENTIVE PLAN ('LTIP')

The LTIP is a discretionary share incentive scheme under which the Remuneration Committee of H&T Group plc can grant ordinary shares at no cost to Executive Directors and other senior management.

The LTIP operates as conditional shares awarded over a defined year performance period and subject to continued employment over a three year period from the date of the grant. Early exercise of the conditional shares is permitted if a share award holder ceases to be employed by reason of death, injury, disability, retirement or sale of his employing company.

There were no conditional shares outstanding at the year end.

A reconciliation of conditional share movements for the LTIP is set out below:

	Number of conditional shares	**2016 Weighted average exercise price (in pence)**	Number of conditional shares	2015 Weighted average exercise price (in pence)
Outstanding at beginning of the year	**198,513**	**—**	389,010	—
Granted during the year	**—**	**—**	—	—
Forfeited during the year	**(198,513)**	**—**	(190,497)	—
Exercised during the year	**—**	**—**	—	—
Outstanding at the end of the year	**—**	**—**	198,513	—

29. OPERATING LEASE ARRANGEMENTS
THE GROUP AS LESSEE

	2016 £'000	2015 £'000
Minimum lease payments under operating leases recognised as an expense in the year	**6,593**	6,693

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		**Other**	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Leases expiring:				
Within one year	**6,046**	6,098	**55**	76
In the second to fifth years inclusive	**16,723**	16,562	**1**	39
After five years	**9,082**	10,474	**—**	—
	31,851	33,134	**56**	115

Significant operating lease payments represent rentals payable by the Group for rental of store premises. Leases are normally negotiated for an average term of 10 years at the then prevailing market rate, with a break option after 5 years.

The Group also sublets some of the premises above the stores, the outstanding receipts from which are immaterial.

Notes to the consolidated financial statements

For the year ended 31 December 2016 (continued)

30. NOTES TO THE CASH FLOW STATEMENT

	2016 £'000	2015 £'000
Profit for the financial year	7,582	5,378
Adjustments for:		
Investment revenues	(1)	(1)
Finance costs	479	679
Movement in provisions	192	(216)
Tax expense – Group Statement of Comprehensive Income	2,138	1,462
Depreciation of property, plant and equipment	2,686	2,897
Amortisation of intangible assets	254	321
Share-based payment expense	16	104
Loss on disposal of property, plant and equipment	265	75
Operating cash flows before movements in working capital	13,611	10,699
(Increase)/Decrease in inventories	(4,991)	4,469
Increase in other current assets	(202)	(417)
Increase in receivables	(8,154)	(1,367)
Increase/(Decrease) in payables	3,585	(507)
Cash generated from operations	3,849	12,877
Income taxes paid	(1,860)	(1,160)
Debt restructuring costs	(325)	—
Interest paid	(349)	(508)
Net cash generated from operating activities	1,315	11,209

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

31. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Directors are disclosed in the Directors' Report and note 9. There were no other material related party transactions during the year.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Directors of Harvey & Thompson Limited, the trading subsidiary, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures':

	2016 £'000	2015 £'000
Short-term employee benefits	**1,322**	842
Pension contributions	**58**	57
Share-based payments	**146**	—
	1,526	899

32. CAPITAL COMMITMENTS

There is no significant capital expenditure authorised and contracted for but not provided in the accounts (2015: £nil).

33. EVENTS AFTER THE BALANCE SHEET DATE

The Directors have proposed a final dividend for the year ended 31 December 2016 of 5.3p (2015: 4.5p) (note 14).

Independent Auditor's report

to the members of H&T Group plc

We have audited the Parent Company financial statements of H&T Group plc for the year ended 31 December 2016 which comprise the Parent Company balance sheet, the Parent Company combined reconciliation of movements in shareholders' funds and statement of movements on reserves and the related notes A to F. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Parent 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OTHER MATTERS

We have reported separately on the Group financial statements of H&T Group plc for the year ended 31 December 2016.

William Farren

WILLIAM FARREN FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

10 March 2017

Parent Company balance sheet

As at 31 December 2016

	Note	**2016 £'000**	2015 £'000
Non-current assets			
Investments	C	**44,586**	1,479
		44,586	1,479
Current assets			
Receivables	D	**56**	61,587
Cash at bank and in hand		**3**	46
		59	61,633
Liabilities: amounts falling due within one year	E	**(3,092)**	(18,707)
Net current assets		**(3,033)**	42,926
Total assets less current liabilities		**41,553**	44,405
Net assets		**41,553**	44,405
Capital and reserves			
Called up share capital	F	**1,852**	1,843
Share premium account		**25,754**	25,409
Employee Benefit Trust shares reserve		**(35)**	(35)
Share option reserve		**1,495**	1,479
Profit and loss account		**12,487**	15,709
Total shareholders' funds		**41,553**	44,405

The financial statements of H&T Group plc, registered number 05188117, were approved by the Board of Directors and authorised for issue on 10 March 2017.

Signed on behalf of the Board of Directors by:

J G NICHOLS
Chief Executive

Parent Company combined reconciliation of movements in shareholders' funds and statement of movements on reserves

For the year ended 31 December 2016

2016 Company	**Note**	**Called up share capital £'000**	**Share premium account £'000**	**Employee benefit trust shares reserve £'000**	**Share option reserves £'000**	**Profit and loss account £'000**	**2016 Total £'000**
At 1 January		1,843	25,409	(35)	1,479	15,709	44,405
Loss for the financial year		—	—	—	—	(113)	(113)
Dividend paid		—	—	—	—	(3,109)	(3,109)
Issue of share capital	F	9	345	—	—	—	354
Share option credit taken directly to equity		—	—	—	16	—	16
At 31 December		1,852	25,754	(35)	1,495	12,487	41,553

2015 Company	Called up share capital £'000	Share premium account £'000	Employee benefit trust shares reserve £'000	Share option reserves £'000	Profit and loss account £'000	2015 Total £'000
At 1 January	1,843	25,409	(35)	1,375	18,110	46,702
Loss for the financial year	—	—	—	—	(116)	(116)
Dividend paid	—	—	—	—	(2,285)	(2,285)
Employee Benefit Trust shares	—	—	—	104	—	104
At 31 December	1,843	25,409	(35)	1,479	15,709	44,405

Notes to the Company financial statements

For the year ended 31 December 2016

A. ACCOUNTING POLICIES

BASIS OF PREPARATION

H&T Group plc is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 19. The nature of the Company's operations and its principal activities are set out in the business overview on pages 4 to 7.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company decided to adopt FRS 101 and underwent transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the FRC in July 2015 and July 2016.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the Group financial statements of H&T Group plc.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Group financial statements of H&T Group plc. The Group financial statements of H&T Group plc are available to the public.

The financial statements have been prepared on a going concern basis as discussed in the Directors' Report.

The particular accounting policies adopted are described below.

TAXATION

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Where tax losses are surrendered to, or received from, group companies, the amount received/surrendered is charged/credited to the profit and loss account and treated as payable to/receivable from the related group party that has surrendered/received the losses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

INVESTMENTS

Fixed assets investments are shown at cost less provision for impairment.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

DIVIDENDS

Dividends receivable from subsidiary undertakings are recorded in the profit and loss account on the date that the dividend becomes a binding liability on the subsidiary Company. Under the terms of IFRS 3 'Business Combinations', the Company records dividends arising from pre-acquisition profit and loss reserves of its subsidiary undertaking in the profit and loss account and considers whether the distribution affects the carrying value of the investment in the subsidiary undertaking.

Dividends payable are recorded as a distribution from retained earnings in the period in which they become a binding liability on the Company.

SHARE OPTIONS

The Company's trading subsidiary, Harvey & Thompson Limited issues share options to employees in that Company, which are equity settled in shares of H&T Group plc. Harvey & Thompson Limited determines the fair value of the options granted measured at the date of grant by use of a Black-Scholes model or a Stochastic model depending on the vesting conditions attached to each scheme. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period in the financial statements of Harvey & Thompson Limited, based on the estimate of shares that will eventually vest and adjusted for the effect of any non market-based vesting conditions.

The Company receives a payment each period, equal to the annual expense recorded in Harvey & Thompson Limited calculated on the basis described above. This amount is credited to the profit and loss account each period and is treated in a similar manner to a distribution of dividends from Group companies.

B. COMPANY PROFIT AND LOSS ACCOUNT
As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year.

The Company made a loss after taxation of £113,000 in 2016 (2015: loss of £116,000).

The auditor's remuneration for the current and preceding financial years is borne by a subsidiary undertaking, Harvey & Thompson Limited. Note 8 to the Group financial statements discloses the amount paid in respect of the Company.

The Directors did not receive any emoluments for their services to the Company (2015: £nil). Other than the Directors, the Company has no employees in either financial year.

C. INVESTMENTS

Shares in subsidiary undertakings	Total £'000
Cost	
At 1 January 2015	1,375
Additions	104
At 1 January 2016	1,479
Additions	16
Transfer of shares as a result of Group structure change	43,091
At 31 December 2016	44,586

Within the cost at 1 January 2016 includes cost of shares in a subsidiary undertaking of £1.

Additions in the year represent capital contributions in relation to share options issued to employees. Please refer to note 28 on page 57.

During 2016 H&T Finance Limited, a wholly owned subsidiary of H&T Group plc, was wound up. The investment of £43,091,000 in Harvey & Thompson Limited was subsequently transferred to H&T Group plc.

The investments in Group companies which are all included in the consolidated financial statements are as follows:

Name of Company	Country of incorporation	Proportion of ordinary shares held: Directly	Indirectly	Principal Activity
Harvey & Thompson Limited (Registered office: Times House, Throwley Way, Sutton, Surrey, SM1 4AF)	Great Britain	100%		Pawnbroking, jewellery sales, gold purchasing, unsecured lending, cheque cashing and related services

The Company owns directly or indirectly 100% of the voting rights in all subsidiary undertakings. H&T Group plc is also incorporated in Great Britain.

D. RECEIVABLES

	2016 £'000	2015 £'000
Amounts owed by subsidiary companies	**35**	61,565
Prepayments and accrued income	**21**	22
	56	61,587

E. LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade creditors	**263**	—
Amounts owed to subsidiary companies	**2,804**	18,479
Accruals and deferred income	**25**	228
	3,092	18,707

F. CALLED UP SHARE CAPITAL
Please refer to the Group financial statements of H&T Group plc for details of share capital including shares issued in the year (note 27), and dividends paid and proposed (notes 14 and 33).

Store directory

ACTON
158 High Street, W3 6QZ
Tel: 020 8993 2586

AYR
114 High Street, KA7 1PQ
Tel: 01292 619 867

BARKING
27 East Street, IG11 8ER
Tel: 020 8594 6100

BASILDON
1a Market Pavement, SS14 1DD
Tel: 01268 281 223

BEDMINSTER
84 East Street, Bedminster, Bristol,
BS3 4EY
Tel: 01179 666 321

BEXLEYHEATH
109 The Broadway Centre, DA6 7JH
Tel: 020 8303 9403

BIRKENHEAD
The Grange Shopping Centre
26 Borough Pavement, CH41 2XX
Tel: 0151 647 5053

BIRMINGHAM
102 Bull Street, B4 7AA
Tel: 0121 236 3082

BIRMINGHAM
10 Ethel Street, B2 4BG
Tel: 0121 632 5166

BLACKBURN
Unit 2, 3 Ainsworth Street, BB1 6AS
Tel: 01254 260 040

BLACKPOOL
97-99 Central Drive, FY1 5EE
Tel: 01253 622 039

BOLTON
13 Newport Street, BL1 1NE
Tel: 01204 385 530

BOOTLE
Unit 115, Strand Shopping Centre,
L20 4SU
Tel: 0151 933 7438

BOW
575 Roman Road, E3 5EL
Tel: 020 8983 9553

BRADFORD
26 James Street, BD1 3PZ
Tel: 01274 390 675

BRECK ROAD
305-307 Breck Road,
Liverpool,
L5 6PU
Tel: 0151 263 4699

BRIGHTON
4 Castle Square, BN1 1EG
Tel: 01273 326 061

BRIXTON
Arch 9, Atlantic Road, SW9 8HX
Tel: 020 7733 8457

BROMLEY
78 High Street, BR1 1EY
Tel: 020 8460 2986

BURNT OAK
75 Burnt Oak Broadway, HA8 5EP
Tel: 020 8952 2523

CAMBERWELL
72 Denmark Hill, SE5 8RZ
Tel: 020 7738 7927

CATFORD
58 Rushey Green, SE6 4JD
Tel: 020 8690 3549

CHALK FARM
36 Chalk Farm Road, NW1 8AJ
Tel: 020 7485 2668

CHATHAM
321 High Street, ME4 4BN
Tel: 01634 811 811

CHEETHAM HILL
Unit 5 Cheetham Hill Shopping Centre,
M8 5EL
Tel: 0161 740 6556

CHELMSFORD
25 High Chelmer, CM1 1XR
Tel: 01245 259 004

CLAPHAM
9 Northcote Road, SW11 1NG
Tel: 020 7228 3807

CLAPTON
157 Clapton Common, E5 9AE
Tel: 020 8809 1488

CLYDEBANK
25 Sylvania Way South, G81 1EA
Tel: 0141 952 6396

COLCHESTER
10 Short Wyre Street, CO1 1LN
Tel: 01206 765 433

CORBY
19 Corporation Street, NN17 1NG
Tel: 01536 402 886

COSHAM
32 High Street, PO6 3BZ
Tel: 02392 389 940

COUNTY ROAD
66 County Road, Walton,
Liverpool, L4 3QL
Tel: 0151 523 0085

COVENTRY
10 Hales Street, CV1 1JD
Tel: 02476 256 220

COVENTRY
Unit 1, Shelton Square, CV1 1DG
Tel: 02476 223 623

CRAWLEY
11 Broadwalk, RH10 1HJ
Tel: 01293 618 270

CREWE
21 Victoria Street, CW1 2HF
Tel: 01270 254 888

CROYDON EAST
16 George Street, CR0 1PA
Tel: 020 8680 1470

CROYDON WEST
12 London Road, CR0 2TA
Tel: 020 8680 4738

CROYDON WHITGIFT
Unit 145A Whitgift Centre, CR0 1UT
Tel: 020 8680 4443

DAGENHAM
299 Heathway, RM9 5AQ
Tel: 020 8592 8848

DALSTON
52 Kingsland High Street, E8 2JP
Tel: 020 7254 1788

DARLINGTON
23 Skinnergate, DL3 7NW
Tel: 01325 361 781

DARTFORD
Unit 33, The Orchards Shopping Centre,
DA1 1DN
Tel: 01322 224 918

DEPTFORD
72 Deptford High Street, SE8 4RT
Tel: 020 8692 3092

DERBY
33 Victoria Street, DE1 1ES
Tel: 01332 291 623

DONCASTER
23 High Street, DN1 1DW
Tel: 01302 812 099

DOWNHAM
438 Bromley Road, BR1 4PP
Tel: 020 8697 6212

DUDLEY
215 Wolverhampton Street, DY1 1EF
Tel: 01384 238 577

DUKE STREET
487 Duke Street, Glasgow, G31 1DL
Tel: 0141 554 9332

DUNDEE
116 Seagate, DD1 2ET
Tel: 01382 205 213

EAST HAM
47 High Street North, E6 1HS
Tel: 020 8586 6775

EAST KILBRIDE
10 Princes Mall, G74 1LB
Tel: 01355 232 520

EASTERHOUSE
Unit 19, Shandwick Square Shopping Centre,
Bogbain Road, G34 9DT
Tel: 0141 771 8796

EASTLEIGH
43-45 Market Street, SO50 5RF
Tel: 02380 615 552

EDINBURGH
106 Lauriston Place, EH3 9HX
Tel: 0131 229 4448

EDINBURGH
78a Nicolson Street, EH8 9EW
Tel: 0131 667 2022

EDMONTON
16 South Mall, Edmonton Green
Shopping Centre, N9 0TN
Tel: 020 8807 8302

ELEPHANT AND CASTLE
212 E&C Shopping Centre, SE1 6TE
Tel: 020 7252 4602

ELLESMERE PORT
43 Marina Drive, Port Arcades Shopping Centre,
CH65 0AN
Tel: 0151 357 3176

ELTHAM
89 Eltham High Street, SE9 1TD
Tel: 020 8850 6963

FAREHAM
119a West Street, PO16 0DY
Tel: 01329 288 838

FINSBURY
259-261 Seven Sisters Road, N4 2DD
Tel: 020 7272 9249

FORE STREET
169-171 Fore Street, Edmonton,
N18 2XB
Tel: 020 8887 8910

FOREST GATE
29 Woodgrange Road, E7 8BA
Tel: 020 8555 5120

FULHAM
224 Northend Road, W14 9NU
Tel: 020 7385 3188

GATESHEAD
Unit 5, Jackson Street, NE8 1EE
Tel: 0191 478 4107

GILLINGHAM
169 High Street, ME7 1AQ
Tel: 01634 855 053

GLASGOW
9-11 Bath Street, G2 1HY
Tel: 0141 332 5637

GOVAN
595 Govan Road, G51 2AS
Tel: 0141 445 1567

GRAVESEND
21 King Street, DA12 2EB
Tel: 01474 363 611

GREAT BRIDGE
51 Great Bridge, DY4 7HF
Tel: 0121 557 1413

GREAT WESTERN
156 Great Western Road, G4 9AE
Tel: 0141 332 0878

GREEN STREET
342 Green Street, Upton Park, London,
E13 9AP
Tel: 020 8471 1335

GREENOCK
Unit 3 Hamilton Gate,
Oakmall Shopping Centre, PA15 1JW
Tel: 01475 726 616

GRIMSBY
6 Victoria Street, DN31 1DP
Tel: 01472 355 489

HACKNEY
384 Mare Street, E8 1HR
Tel: 020 8533 5663

HAMMERSMITH
134 King Street, W6 0QU
Tel: 020 8563 8585

HARLESDEN
72 High Street, NW10 4SJ
Tel: 020 8838 5122

HARLOW
23 Broad Walk, CM20 1JF
Tel: 01279 417 128

HARROW
324b Station Road, HA1 2DX
Tel: 020 8861 1534

HARROW
14 St Anns Road, HA1 1LG
Tel: 020 8863 0069

HASTINGS
18 Queens Road, Hastings, TN34 1QY
Tel: 01424 430 190

HAYES
46 Station Road, UB3 4DD
Tel: 020 8589 0805

HOLLOWAY
9 Seven Sisters Road, N7 6AJ
Tel: 020 7281 8559

HOUNSLOW
30 High Street, TW3 1NW
Tel: 020 8570 4626

HOUNSLOW
253 High Street, TW3 1EA
Tel: 020 8577 0084

HULL
Unit 30, 37 Prospect Centre, HU2 8PP
Tel: 01482 228 946

HYDE
Unit 5, The Mall, Clarendon Square
Shopping Centre, SK14 2QT
Tel: 0161 351 7812

ILFORD
91-93 Cranbrook Road, IG1 4PG
Tel: 020 8514 3334

ILFORD
211 High Road, IG1 1LX
Tel: 020 8514 6372

IRVINE
1/3 Bridgegate, KA12 8BJ
Tel: 01294 273 823

KILBURN
139 Kilburn High Road, NW6 7HR
Tel: 020 7624 3367

KINGSTON UPON THAMES
26 Castle Street, KT1 1SS
Tel: 020 8546 8365

KIRKBY
Unit 11b, St Chads Way, Kirkby, L32 8RD
Tel: 0151 546 6622

Store directory (continued)

KIRKCALDY
85 High Street, Kirkcaldy, Fife, KY1 1LN
Tel: 01592 262 554

LEEDS
8 New Market Street, LS1 6DG
Tel: 01132 449 352

LEICESTER
69 Market Place, LE1 5EL
Tel: 0116 262 4566

LEIGH
53 Bradshawgate, WN7 4NB
Tel: 01942 673 012

LEITH
Unit 6, Newkirkgate Shopping Centre, EH6 6AA
Tel: 0131 555 3298

LEWISHAM
121 Lewisham High Street, SE13 6AT
Tel: 020 8852 9961

LEYTON
281 High Road, E10 5QN
Tel: 020 8539 8332

LIVERPOOL
Unit 6, 42-46 Whitechapel, L1 6DZ
Tel: 0151 709 2151

LIVINGSTON
Unit 22, Almondvale Shopping Centre, EH54 6HR
Tel: 01506 431 779

LUTON
174 The Mall, LU1 2TL
Tel: 01582 486 711

MACCLESFIELD
23 Chestergate, SK11 6BX
Tel: 01625 430 699

MARGATE
72 High Street, Margate, CT9 1DT
Tel: 01843 292 189

MIDDLESBROUGH
45 Dundas Street, TS1 1HR
Tel: 01642 223 849

NEW ADDINGTON
14 Central Parade, CR0 0JB
Tel: 01689 847 388

NEWCASTLE
117 Grainger Street, NE1 5AE
Tel: 0191 232 1924

NEWCASTLE
67 Clayton Street, NE1 5PY
Tel: 0191 232 6908

NORTHAMPTON
Unit 3, 71B Abington Street, NN1 2BH
Tel: 01604 239 085

NOTTINGHAM
22-24 Upper Parliament Street, NG1 2AD
Tel: 0115 947 6560

OLDHAM
Unit 34, Town Square Shopping Centre, Town Centre, OL1 1XF
Tel: 0161 627 5904

OLDHAM
Unit 24, Town Square, Spindles Shopping Centre, OL1 1XF
Tel: 0161 628 9303

ORPINGTON
221 High Street, BR6 0NZ
Tel: 01689 870 280

PADDINGTON
63 Praed Street, W2 1NS
Tel: 020 7723 5736

PARTICK
333 Dumbarton Road, G11 6AL
Tel: 0141 334 1258

PECKHAM
51 High Street, SE15 5EB
Tel: 020 7703 4547

PENGE
136 High Street, SE20 7EU
Tel: 020 8676 8220

PETERBOROUGH
1 Westgate, PE1 1PX
Tel: 01733 310 794

POPLAR
22 Market Way, E14 6AH
Tel: 020 7987 1596

PORTSMOUTH
186 Kingston Road, PO2 7LP
Tel: 02393 691 751

PRESTON
11 Friargate, PR1 2AU
Tel: 01772 563 495

READING
31 Oxford Road, Broad Street Mall, RG1 7QG
Tel: 0118 959 9946

ROCHDALE
92 Yorkshire Street, OL16 1JX
Tel: 01706 525 709

ROMFORD
Unit 30, Liberty 2, Mercury Gardens, RM1 3EE
Tel: 01708 755 420

ROTHERHAM
2 Effingham Street, S65 1AJ
Tel: 01709 363 686

RUGBY
1 Church Street, CV21 3PH
Tel: 01788 577 110

RUNCORN
Unit 119, Halton Lea Shopping Centre, WA7 2BX
Tel: 01928 796 318

RUTHERGLEN
Unit 3, Mitchell Arcade, Rutherglen Shopping Centre, G73 2LS
Tel: 0141 647 6040

SALFORD
70 Fitzgerald Way, Salford Shopping Centre, M6 5HW
Tel: 0161 745 7949

SCUNTHORPE
114 High Street, DN15 6HB
Tel: 01724 843 817

SHEFFIELD
The Kiosk, 1-13 Angel Street, S3 8LN
Tel: 0114 276 9281

SIDCUP
76 High Street, DA14 6DS
Tel: 020 8300 6242

SLOUGH
64 High Street, SL1 1EL
Tel: 01753 693 303

SOHO ROAD
224 Soho Road, Birmingham, B21 9LR
Tel: 0121 507 0185

SOUTHALL
1A The Broadway, UB1 1JR
Tel: 020 8843 4920

SOUTHAMPTON
113a East Street, SO14 3HD
Tel: 02380 639 945

SOUTHAMPTON
Unit 19, Marlands Shopping Centre, SO14 7SJ
Tel: 02380 225 336

SOUTHEND-ON-SEA
95 Southchurch Road, SS1 2NL
Tel: 01702 469 977

SPRINGBURN
Unit 13, Springburn Shopping Centre, Springburn Way, G21 1TS
Tel: 0141 558 7569

ST. HELENS
4 Ormskirk Street, WA10 1BH
Tel: 01744 610 331

STEVENAGE
24 Westgate Centre, SG1 1QR
Tel: 01438 365 153

STIRLING
33-35 Murray Place, FK8 1DQ
Tel: 01786 478 945

STOCKPORT
109 Princes Street, SK1 1RW
Tel: 0161 476 5860

STOCKTON
107-108 High Street, TS18 1BB
Tel: 01642 616 005

STOKE ON TRENT
49-51 Stafford Street, ST1 1SA
Tel: 01782 268 144

STRATFORD
Unit 27, The Mall, Stratford Centre,
E15 1XD
Tel: 020 8519 7770

STREATHAM
254 Streatham High Rd, SW16 1HT
Tel: 020 8677 4508

STRETFORD
Unit 44, Ground Floor Brody Street Mall,
Streford Mall Shopping Centre, M32 9BB
Tel: 0161 865 4930

SUNDERLAND
26 Blandford Street, SR1 3JH
Tel: 0191 565 0008

SURREY QUAYS
196 Lower Road, SE16 2UN
Tel: 020 7231 6177

SUTTON
232 High Street, SM1 1NT
Tel: 020 8643 9994

SUTTON IN ASHFIELD
Unit 44, Idlewells Shopping Centre,
NG17 1BJ
Tel: 01623 559 596

SWINDON
46 Bridge Street, SN1 1BL
Tel: 01793 491 731

SYDENHAM
37 Sydenham Road, SE26 5EX
Tel: 020 8778 4964

TOOTING
63 Mitcham Road, SW17 9PB
Tel: 020 8672 5127

TOOTING JUNCTION
20-22 London Road, SW17 9HW
Tel: 020 8640 7575

TOTTENHAM
518 High Road, N17 9SX
Tel: 020 8808 0600

UXBRIDGE
Unit 11 Chequers Square, The Mall, UB8 1LN
Tel: 01895 230 503

WALLSEND
28 High Street East, NE28 8PQ
Tel: 0191 234 5769

WALSALL
8 The Bridge, WS1 1LR
Tel: 01922 638 501

WALTHAMSTOW
234 High Street, E17 7JH
Tel: 020 8521 8156

WALTON VALE
27 Walton Vale, Liverpool, L9 4RE
Tel: 0151 525 5182

WALWORTH
389 Walworth Road, SE17 2AW
Tel: 020 7703 2946

WALWORTH
241 Walworth Road, SE17 1RL
Tel: 020 7277 4809

WATERLOO
111 Lower Marsh, SE1 7AE
Tel: 020 7928 0382

WATFORD
114 High Street, WD17 2BJ
Tel: 01923 247 740

WELLING
3 Bellegrove Road, DA16 3PA
Tel: 020 8303 3645

WEMBLEY
544 High Road, HA0 2AA
Tel: 020 8795 5811

WEST BROMWICH
64 Kings Square (High Street),
Sandwell Centre, B70 7NW
Tel: 0121 553 2728

WIGAN
21 Hope Street,
Galleries Shopping Centre,
WN1 1QF
Tel: 01942 237 518

WILLESDEN
70 High Road, NW10 2PU
Tel: 020 8459 3527

WOLVERHAMPTON
10a Cleveland Street, WV1 3HH
Tel: 01902 425 648

WOLVERHAMPTON
15-16 Queen Street, WV1 3JW
Tel: 01902 424 908

WOOD GREEN
12 Cheapside, N22 6HH
Tel: 020 8889 9484

WOOLWICH
4 Powis Street, SE18 6LF
Tel: 020 8317 9265

WORCESTER PARK
148 Central Road, KT4 8HH
Tel: 020 8337 7307

WORKSOP
27-29 Bridge Street, S80 1DA
Tel: 01909 488 584

WYTHENSHAWE
Unit 1D, Hale Top, Civic Centre, M22 5RN
Tel: 0161 498 8431

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H&T Finance,
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