The UK's leading pawnbroker

Building value in our local communities

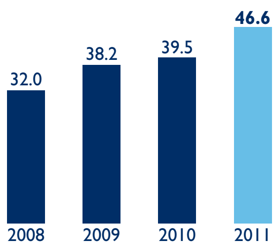
H&T Group plc

ANNUAL REPORT AND ACCOUNTS 2011

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

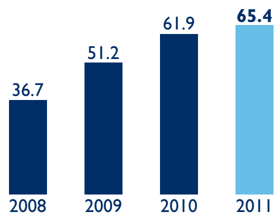
FINANCIAL HIGHLIGHTS

Pledge book
(£m)



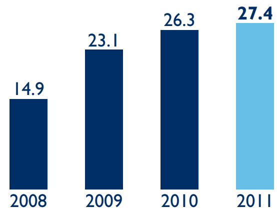
UP 18.0% to **£46.6m**
(2010: £39.5m)

Adjusted gross profit
(£m)



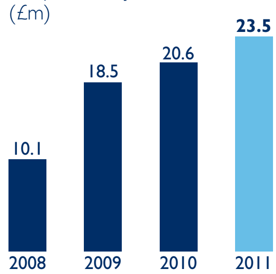
UP 5.8% to **£65.4m**
(2010: £61.9m*)
(2010 Actual: £66.8m)

Adjusted EBITDA
(£m)



UP 4.2% to **£27.4m**
(2010: £26.3m*)
(2010 Actual: £31.2m)

Adjusted profit before tax
(£m)



UP 14.1% to **£23.5m**
(2010: £20.6m*)
(2010 Actual: £25.5m)

* Adjusted to remove the one-off £4.9m gross profit contribution delivered in 2010 as discussed in the Chief Executive's Review

Proposed final dividend UP **16.7%** to **7.00p** (2010: 6.00p)

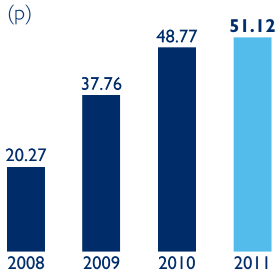
OPERATIONAL HIGHLIGHTS

- The Group's total number of outlets now exceeds 200. An additional 25 new stores were opened during the year, taking the national store footprint to 160 stores at 31 December 2011 (2010: 135). In addition the Group operated 54 GoldBar retail mall units at 31 December 2011 (2010: 45).
- New store openings in 2010 and 2011 have performed, on average, ahead of the Board's expectations.
- The pawnbroking business experienced record levels of lending in 2011, driven by an increased average loan and additional new stores.

Cautionary statement

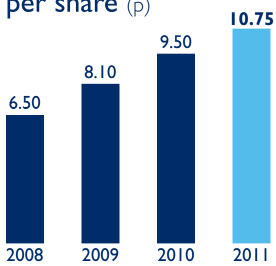
This annual report of H&T Group plc ("H&T", "the Group", "the Company") contains some forward-looking information and statements that involve known and unknown risks and uncertainties, including statements about the Group's plans, objectives and intentions. The information and statements contained herein are stated as at the date of this report and there exists the risk that actual results and outcomes may differ from the information and statements made.

Basic EPS
(p)



UP 4.8% to **51.12p**
(2010: 48.77p)

Proposed dividend per share (p)



UP 13.2% to **10.75p**
(2010: 9.50p)

18 Expansion in the store estate

25 new stores added during the year, taking our national footprint to 160 stores.

14 Gold purchasing

Continued success in the gold purchasing market has been a strong source of cash flow during 2011.

OVERVIEW

REVIEW OF THE BUSINESS

GOVERNANCE

FINANCIAL STATEMENTS

1.

1. H&T store interior showing retail counter.
2. In store marketing advertising range of product offerings.
3. Example of store retail offering.
4. Kingston upon Thames store.
5. Sidcup store.

3.

2.

4.

5.

Chairman's statement

I am pleased to report that the Group has continued to grow and improve its performance in the core business lines. Continuing our successful expansion strategy, 25 stores were opened during 2011 taking the Group's total number of outlets, including the Group's GoldBar operation, to over 200.

The performance of these new stores continues to exceed expectations and with ongoing growth from the remainder of the estate, the Group's year end pledge book stands in excess of £46m.

ECONOMIC & MARKET BACKGROUND

Studies have shown that over the last three years the UK's high street banks have cut their unsecured lending by twenty per cent, with the number of credit card and other loan providers also falling by a similar amount. It is estimated that 8 – 10 million people in the UK now have no access to traditional credit sources. This environment, together with raised awareness of our services, has created an increased opportunity for high street pawnbrokers to expand both their secured and unsecured lending.

The majority of our customers seek small, short-term loans to fund day to day living expenses. H&T's offering of immediate access to cash from convenient high street locations is becoming an increasingly attractive proposition both to the growing un-banked market and other customers we serve.

There has been considerable growth in the alternative credit market, reflected in the changing make-up of the high street. All the leading operators are responding by continuing to increase their store footprints. H&T continues to meet this demand with its store expansion strategy and by developing its suite of lending products. As at 31 December 2011, the Group had 160 stores and 54 GoldBar retail mall units.

The wider economic environment with continuing uncertainty and the threat of sovereign defaults has given rise to a 23.7% increase in the price of gold during 2011.

STRATEGY

The Board and its management believe in the strength of the combination of our core business streams. These are pawnbroking, retail sales of quality jewellery, wholesale sales of surplus jewellery and gold. The provision of jewellery for the retail shop window, now supplemented by quality watches, is a crucial component of this mix attracting customers, generating good margins and informing them of the collateral we seek for pawnbroking. The core business streams, supplemented with gold purchase at a retail level, and small ticket unsecured lending provide a resilient business model. The nature and mix of these activities provides the group with some structural hedging against changing market conditions.

The group seeks through developing this mix of business activity to achieve a resilient business model through the economic cycle. The board continues to believe that long term growth in shareholder value is best achieved through considered store expansion and improving all these business lines.

FINANCIAL PERFORMANCE

The Group delivered £23.5m of profit before tax in 2011. This compares to £25.5m in 2010 when trading and results benefited from the inclusion of £4.9m of benefits delivered via a one-off gross profit contribution from delayed auctions and reduced inventory hold periods. Excluding the 2010 working capital component, underlying profit before tax and movement in swap value increased by 8.4% year on year, after absorbing the costs associated with the store expansion programme.

The Group pledge book ended the year at £46.6m giving rise to a 15.3% year on year increase in the Pawn Service Charge, with a strong contribution from the Group's recent greenfield additions. Gold purchasing volumes have been sustained at higher than expected levels, and the rising gold price environment has enabled better than expected margins in both our gold purchasing and pawnbroking scrap operations.

The Group's financial position remains strong with net debt of £29.3m as at 31 December 2011 (31 Dec 10: £27.0m). The Group has adequate liquidity to fund both the capital expenditure and working capital requirements of its continuing new store opening programme, as it currently has available a £50.0m revolving facility.

Basic earnings per share are 51.12 pence (2010: 48.77 pence, 38.76 pence pre working capital gains.)

FINAL DIVIDEND

Subject to shareholder approval, a final gross dividend of 7.00 pence per ordinary share (2010: 6.00 pence) will be paid on 7 June 2012 to shareholders on the register at the close of business on 11 May 2012. The shares will be marked ex-dividend on 9 May 2012. This will bring the full year dividend to 10.75 pence per ordinary share. This represents an increase of 13.2% over the 2010 total dividend of 9.50 pence.

The growth in dividend reflects the Group's strong balance sheet position at the year-end and current earnings cover available.

PROSPECTS

Over the last four years the Group has invested over £18m of working capital into its pledge book, spent over £10m in almost doubling the store estate and has doubled its annual dividend. During the same period net debt has decreased.

With gold purchasing customers remaining steady, the Board is optimistic that the store expansion programme can continue to be funded via the Group's own cash flow generation during 2012.

We believe that the UK pawnbroking market remains underserved and that further opportunities exist to fill the lending gap left by the high street banks. The Group's new store pipeline remains strong and already this year the Group has either opened or secured leases on a further 18 new sites. The Board expect to open circa 25 stores in total in 2012.

The Group's recent greenfield additions continue to meet our expectations for the future. Over one third of our estate is under three years old thus providing significant latent growth potential as they currently only account for 12% of the Group's pledge book and 7% of the total Pawn Service Charge.

On the basis of the current gold price and gold purchasing levels, the board is continuing to pursue the new store expansion programme. The Management team have the proven ability to adapt our approach to a developing and changing market to achieve the best outcome for shareholders. We are therefore confident in our views for the Group's prospects in 2012.

Key to achieving these aims I must also emphasise the importance of the loyalty of our customers and the way this is achieved is through the hard work of our staff; whom I thank on behalf of the Board and shareholders for delivering these excellent results.

Peter D McNamara
Chairman

Business at a glance

As at 31 December 2011 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. Indeed the store in Edinburgh has operated from the same building for over 150 years serving the same community.

More recently H&T has accelerated its development by adding new products and services and expanding the store network. On 8 May 2006 H&T floated on the Alternative Investment 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 opened or acquired 91 stores.

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 ongoing development of existing and new products together with expansion in locations.

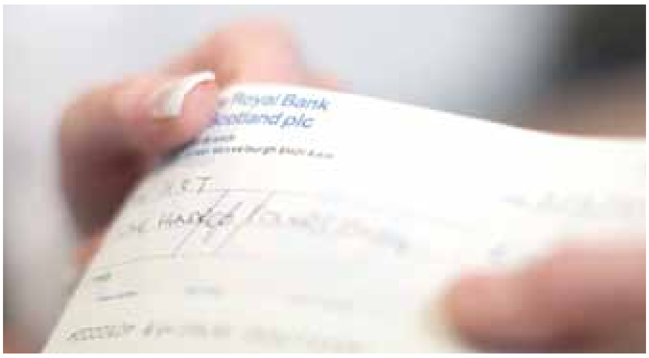
Pawnbroking

A pawnbroking loan is secured on an item of value with a term of up to six months. H&T value the item(s) based on weight and the precious metal or stones used in its manufacture. The customer agrees on a loan amount and enters into a consumer credit agreement. The agreement is for a period of 6 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 then take action to dispose of the goods.

Gold purchasing

H&T buy jewellery direct from customers through all of our shops and more recently through our GoldBar units located in shopping centres throughout England and Scotland. Gold buying is now widely understood across the UK and a key part of H&T's success has been to capture this heightened profile and to drive significant increases in volume in recent years.

The transaction is simple with the store agreeing a price with the customer and purchasing the goods for cash on the spot.



Payday Advance

A Payday Advance (PDA) loan, offered both in stores and on-line, is a short term cash loan repayable on the customer's next pay date. The service is used in a similar manner to a bank overdraft and the costs are similar to a number of high street facilities. Customers can secure a loan of up to £650 either by writing a cheque to the value of the loan plus a 13% charge, or by giving their debit card details and agreeing a date for repayment of loan and associated interest.

KwikLoan

KwikLoan is a simple way for customers to obtain an unsecured loan of up to £750 which is repaid over 12 months by direct debit. Before issuing a loan we establish the customer's identity, confirm their income and employment, and ensure that they manage their bank account in a reasonable way. If approved then the customer enters into a consumer credit loan agreement and we will collect the repayments on the date agreed with the customer. This product provides a useful way for customers who are unable to repay a PDA in full to manage down their loan with us. Customers can have either a KwikLoan or a PDA, but not both at the same time.

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 cheques are wages cheques, although other types such as personal, lottery, building society and Giro 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.

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. The majority of items sold are from forfeited items and all are professionally cleaned and restored at the Group's refurbishment centre in Kent. They are then re-distributed for sale to stores across the country. H&T staff are able to use their extensive product knowledge to assist customers to choose individual pieces to suit their requirements, a skill which of course enables them to make the right loan in the first place.

Pre-paid debit card

A pre-paid debit card is an ideal way for customers to have the functionality of a Mastercard without the associated credit, giving them the freedom to shop online, over the phone or in store. As there is no loan or credit involved the application process is simple and the acceptance rate is 100%. Customers leave the store with an ATM only card and the personalised Mastercard arrives in the post shortly after. Cash can then be loaded to the card at over 14,000 locations across the UK, including any H&T store or Post Office branch.

What is pawnbroking?

Pawnbroking is quite simply a loan secured on an item of value. Traditionally pawnbrokers would accept almost anything of value in order to secure the loan. The H&T pawnbroking offer is mainly based on jewellery as it is compact, high worth and can be valued and if necessary resold relatively easily.

How does it work?

The customer brings in the item(s) of value to the store and is asked to give an indication of how much they want to borrow. This is done in order to establish how realistic the customer's expectation is, as the high margins charged by the high street jewellers can give an inflated perception of the value of the goods. The store staff then use a combination of their expertise and training, together with the point of sale system to determine if there is adequate security for the loan. Assuming that there is, the customer and H&T then enter into a credit agreement regulated by the Consumer Credit Act. This is a contract for 6 months and carries interest of 4% to 8% flat rate per month. The rate charged is dependent on local competition and the size of the loan.

During the contract the customer can:

- **Redeem the pledge**. This means they pay H&T the value of the loan (whether in full or by part payments), plus the interest accrued to date; or

- **Renew the pledge**. This means they pay H&T the interest only and a new loan agreement is issued for a further six months.

Approximately five months after the date of the loan we will write to the customer explaining that the contract is almost due and reminding them of the final date to redeem. We write again once the contract is expired to give the customer another opportunity to redeem or renew their pledge.

If the customer does not redeem or renew then we have to attempt to realise the value of the pledge to repay the loan.

The Consumer Credit Act sets out a different treatment for pledges over £75 and those £75 and under.

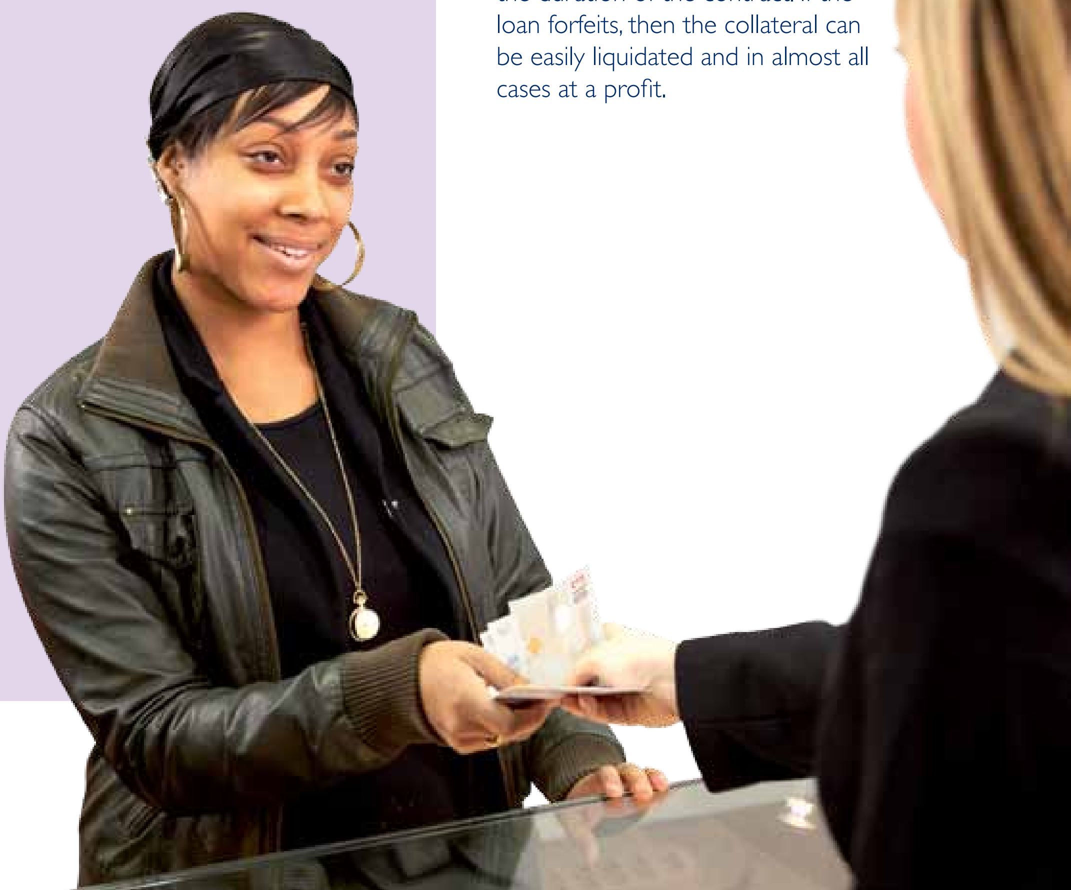
- Over £75: These pledges are sent to public auction with a reserve price. In the event that the pledge is sold then H&T retains the value of the loan, interest to date plus a small administration fee. Any surplus is repaid to the customer.

- £75 and under: These pledges become the property of H&T immediately; the rules relating to the surplus do not apply due to the lower value of the items concerned.

Regardless of the outcome H&T does not pursue the customer in the rare circumstances when there is a shortfall between the amount due under the agreement and the amount recovered when the item is sold. Therefore if the customer is unable to redeem there will be no further consequences and their credit rating is unaffected.

As good as gold

For some, lending money can be a risky business, but not for H&T. The loan is secured on gold, precious stones or watches (over 99% of our pawnbroking business) and that security is left in our possession for the duration of the contract. If the loan forfeits, then the collateral can be easily liquidated and in almost all cases at a profit.



Valuations, how H&T manage the process

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.

1.

H&T's pledge book is almost entirely gold and diamond set jewellery, 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.

2.

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

3.

If we can meet the customer's expectations then the item is tested with a range of acids to determine the metal type and carat, while diamonds are verified using electronic testing equipment.

4.

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.

Our customers

Customers are at the heart of our business. H&T is built on delivering excellent customer service and ensuring customers are getting access to the cash they need in the simplest way possible. There is a very real desire of H&T staff to help our customers with their cash flow needs.

Customer quotes

The following quotes were provided anonymously in the Intrinsic research in May 2010.

“I sold my gold to help saving towards my wedding.”

“Pawnbroking helps give me time to pay my bills.”

“They are very helpful when you go to see them. They’ll explain everything to you well and take their time. They don’t rush you…”

“Really airy, welcoming not what you’re used to.”

“I go back to the same branch now, a bit out of the way but they know me and I know them.”

“H&T are different to other places I’ve gone, they’re just nicer people.”

USE OF FUNDS

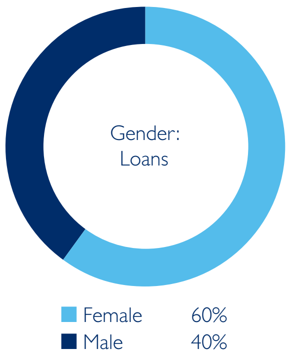
Generally our customers use cash generated from an H&T loan or sale of gold to fund day to day living expenses between paydays or in times of adversity. A small number of customers use our services to solve short term cash needs of their business or for more leisure based needs.

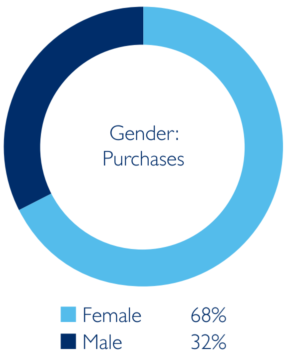
THE H&T DIFFERENCE

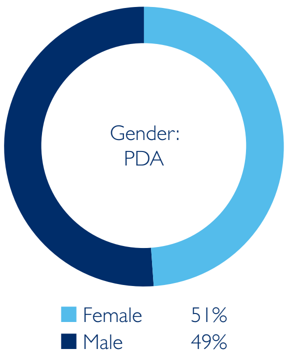
Being part of the local community is paramount to our business and the long established culture of excellent customer service means our staff strive to support, empathise and most of all dissolve financial worries. It is common to hear first names being used between assistant and customer; this is through a long-standing expectation that they are there to help during a time of need.

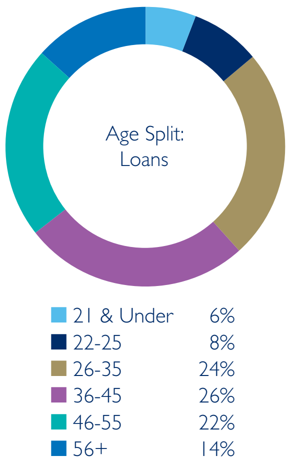
RESEARCH

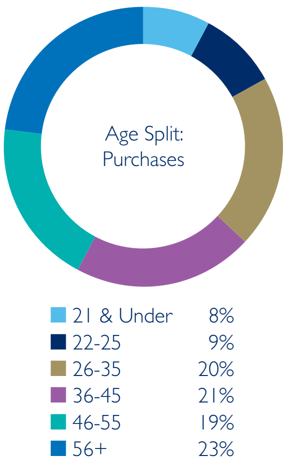
350 customer interviews were held in May 2010 and a further two focus groups in September 2011 to better understand what is important and to assess our customer service standards. Over 86% of those surveyed rated their satisfaction 8 or more out of 10.

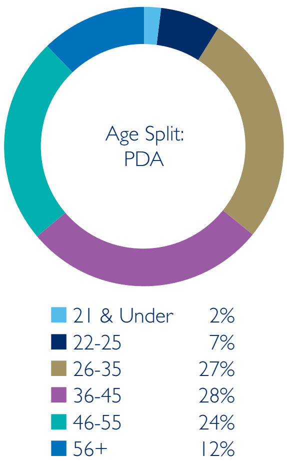












Our people

Our business is focussed on really valuing our people and this stems from the Board. We continually develop and help staff realise their potential. Our work with Learning and Development ensures our people are developed technically and behaviourally to support them in their roles.

Developing our people is critical to our growth as a business allowing us to achieve our aims; opening new sites and offering great service to our customers.

INVESTORS IN PEOPLE (IIP)

Our focus on people development has led to external recognition. H&T was assessed for IIP in November 2011 and is proud to announce the achievement of the Silver Award. This is designed to provide a framework for businesses to operate effectively through good people management. After being awarded the Employer of the Year award from the National Pawnbroker's Association (NPA) in 2010 this achievement shows that we have continued with our commitment in developing and supporting our people to their full potential. We recognise this development is crucial to the success of our business.

TRAINING AND DEVELOPMENT

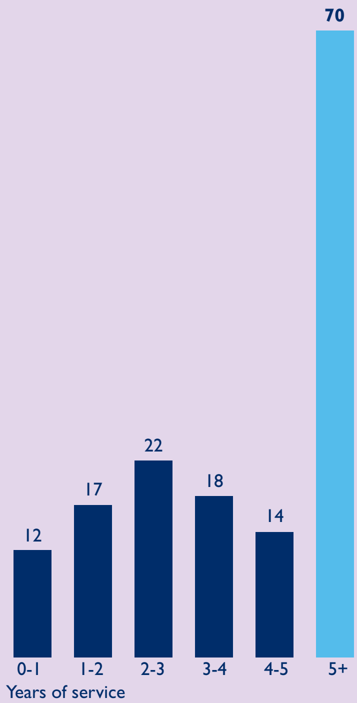
Following on from the Management Development Programme introduced in 2010, we have now introduced the STAR programme designed for high performing managers who want to progress. It supports managers in their career development, whether it's a future promotion, running a store of excellence or a role within a different area of the business. It is tailored to the individual's needs and comprises a combination of coaching and personal development exercises.

Over the last 2 years H&T has introduced additional workshops and programmes to the business. The rationale behind these has been to improve the technical knowledge and behavioural skills base of our managers enabling them to manage more effectively.

Through 2011 the business has delivered over 150 workshops and 17,500 hours of staff training.

Tenure of managers

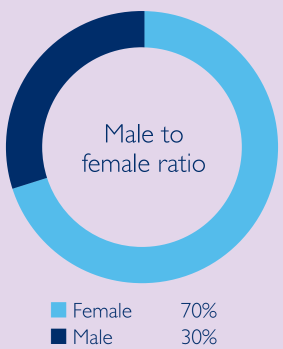
Our average length of service is over 6.2 years for store managers and 46% of them have over 5 years service.

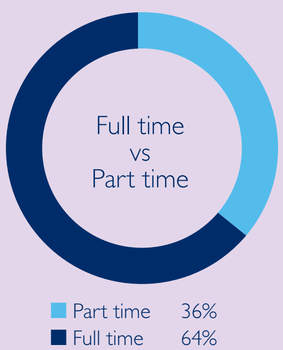


Our people continued

"Employees really enjoy coming to work, an achievement that H&T Pawnbrokers can feel a true sense of achievement about."

Quote from Investors in People assessor in 2011





LISTENING TO OUR PEOPLE

2011 saw continued work with our 'Your Voice' employee survey. All employees were given the opportunity to have their voice heard using an online questionnaire. This asked nearly 100 questions on how they felt about working for H&T. Almost 80% of employees participated and over 90% of the feedback reported strengths or opportunities for the Group. Following the survey we compiled focus groups from a range of employees to really understand and address any issues raised. An employee consultative forum was also launched to ensure that staff have the opportunities in the future to discuss relevant matters and monitor change. There is a monthly update highlighting items which have been improved, altered or introduced as a result of the survey. Feedback about the survey was extremely positive.

Over 92% of people stated that they enjoyed working for H&T and 100% of employees received a performance appraisal.

PROGRESSION AND RECOGNITION

H&T's retention strategy encourages its people to seek opportunities in the company, across stores, Head Office and GoldBars in order to enhance their skills. We advertise all available positions weekly to every employee in order to assist them applying for these positions. This, in addition to our commitment to Learning and Development activities, has meant we have had over 300 lateral moves within the business. Over 80% of our Deputy Manager and Store Manager roles are filled internally.

As well as our competitive Pay & Benefits structure we recognise and reward employee performance by issuing quarterly and annual bonuses. This is in conjunction with seasonal incentives and profit share for over performance against targets. We reward our Managers by offering them an annual share option scheme to encourage them to participate in ownership of the company, as well as providing health insurance.

Every year H&T holds an annual conference for its Managers. In 2011 they were invited to Portugal for the Managers' Conference, where the Group's strategy and goals for the year ahead are communicated, as well as our top performing managers being rewarded with prizes.

92%

people stated that they enjoyed working for H&T

The Group also introduced "Total Reward" statements in 2011 detailing exactly the benefits and value of each employee's remuneration package. This also highlights the value of unsubscribed benefits such as a pension, to demonstrate the full benefits package that staff could receive. Feedback received has been very positive.

Other potential rewards, include an innovation scheme whereby H&T rewards its employees with up to £1,000 for new ideas that are subsequently implemented. Many current procedures have been provided by our employees.

We have also introduced a Recruitment applicant tracking system which ensures that we fairly evaluate all applications received and see the best possible candidates for relevant roles, allowing recruitment and retention of key talent for our business.

Leicester wins the 2011 National Pawnbrokers Association Store of the Year Award

The team of Raj, Sandra, Michele, Harvi and Krupa have in excess of 20 years combined service between them, and the Manager Raj, and Deputy Manager Michele have both been in the store for over four years. The store staff mix is one of the key elements in ensuring customers needs are met, especially in building up a solid 22ct customer base. Raj, Harvi and Krupa speak Punjabi, Gujarati and Hindi, which has given non-English speaking customers the reassurance and confidence that their needs can be firstly understood, and ultimately met by our team. Sandra and Michele also try and use key words to help communicate to our asian customers, and the customers love it!

Chief Executive's review

With our estate increasing by 25 stores during 2011 and the pledge book growing to over £46m, the Group continues to make excellent progress both operationally and financially.

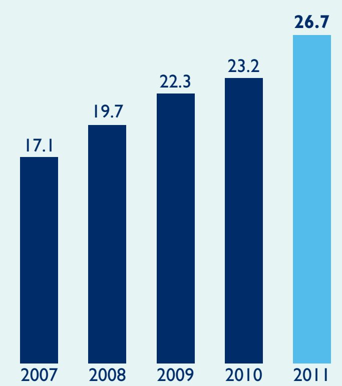
Pawn Service Charge

Pawn Service Charge (PSC) represents all income earned up to the completion of a pledge. The main items are interest and net profit from auctions after returning any surplus to the customer.

In 2011 PSC represented 41% of total gross profits (2010: 35%) and 62% of total pawnbroking income (2010: 57%).

The average loan in 2011 was £172 (2010: £151) and the yield on the pledge book was 57% (2010: 59%). The recently increased average loan has impacted the yield due to the lag in interest collections, as has the additional new stores which typically have a low yield as the pledge book builds.

Pawn Service Charge gross profit (£m)



The Group has experienced another record year for lending within its pawnbroking operations and the industry as a whole has benefited from considerable press coverage during the last twelve months. Raised public awareness of the simplicity and availability of our product offerings, a continued focus on delivering excellent customer service and improved brand recognition have all supported our organic business growth during 2011.

The Group delivered total gross profits of £65.4m in 2011. This compares to £66.8m a year earlier when trading and results benefited with a £4.9m contribution from 'one-off' factors as noted below and as disclosed in our 2010 annual report. Excluding this one-off contribution, gross profit has grown by 5.8% year on year, with profit before tax and swap fair value movement increasing by 8.4%.

The result is particularly pleasing as it has been driven by double digit growth in the Group's core pawnbroking operations. Achieving year on year growth was always set to be a challenge when the Group had seized first mover advantage in the gold purchasing market in H1 2010 and when considering the associated costs of the estate expansion programme. The result is a credit to the continued hard work and dedication of our staff. The rising gold price environment has also benefited profits due to the lag on disposition.

The average gold price in 2011 of £982 per troy ounce represented a 23.7% increase on the 2010 average of £794.

The Group's financial position remains strong with net debt of £29.3m as at 31 December 2011 (2010: £27.0m). This has enabled the Group to continue its rollout strategy during 2011 with the addition of a further 25 new stores, taking the total estate to over 200 outlets. This comprises 160 stores and 54 GoldBar units. Over the last 5 years the Group has opened 83 new stores and H&T's senior management team has gained valuable experience and data to help identify further market opportunities. As a result, and together with improved site availability, the Group has a good pipeline of potential stores into 2012 having already opened or agreed provisional lease terms on a further 18 stores.

Review of Operations

PAWNBROKING

The Pawn Service Charge continues to be the Group's largest income stream contributing £26.7m of gross profits (2010: 23.2m). Another year of record lending has seen the Group's year-end pledge book rise by 18.0% to £46.6m. This is a pleasing result given the current competitive alternative credit market and the continued availability of gold purchasing as a choice for the consumer.

+12%
compound annual growth rate from 2007 in PSC gross profit

+20%
compound annual growth rate from 2008 in disposition gross profit

Lending has been driven by a year on year increase in customer numbers and a 13% increase in the average loan size ensuring that the Group remains competitive on the high street. The Group constantly monitors its lending policy with consideration of the impact on affordability (and therefore redemption rate) and its loan to value in relation to the current gold price. The Board is comfortable that the Group continues to maintain adequate headroom between lending rates and the current gold price, with the average loan to value during 2011 being only 56%.

RETAIL JEWELLERY SALES

Jewellery retail in 2011 has been challenging due to the increase in the underlying gold commodity price impacting on customer affordability. The Group has performed relatively well however, with total retail sales increasing to £20.0m (2010: £19.6m). Our ability to continue offering good value products has meant that the Group is now the high street's largest retailer of second-hand jewellery.

Like-for-like sales were down 9.4% year on year, but the Group has delivered a gross margin improvement from 45% to 49% therefore recovering much of the sales shortfall. The Group continues to focus on retail as an important revenue stream as it can act as a valuable means of disposition in the event of a falling gold price.

Disposition

Disposition refers to the entire process to dispose of forfeited pledges. The key routes are retail through the stores and scrap. Given the higher margin our preferred route is via retail.

RETAIL

The Company's retail proposition is primarily gold and jewellery and the large majority (>90%) of retail sales are items sourced from pawnbroking or purchasing operations. We also complement our retail offering with a small amount of new jewellery to maximise customer draw to our windows.

We have incorporated the retail offering into all but one H&T branded outlet and all new H&T Pawnbrokers now have a dedicated retail window, most including an internal display with a separate retail counter.

Profitability in this area is driven by sound valuation at the point of purchase or lending and also by the management of appropriate stock. Our preference is to retail the stock that is produced from forfeited loans to maximise our returns.

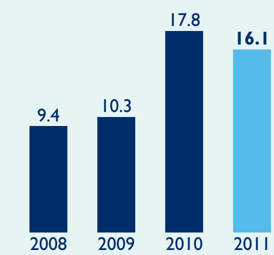
The advantage of H&T over other retailers is that the cost of our supply is relatively low and we can scrap surplus items and still make a profit. This offsets the fact that we have little choice over our supply and therefore must retail what we have available to sell.

As almost all items retailed come from pawnbroking or purchasing operations we are able to offer an excellent value proposition that is extremely hard to beat on the high street.

SCRAP

Items that are damaged beyond repair, slow moving or surplus to retail requirement, may be smelted and sold at the current gold spot price less a small commission. The point of sale system reduces the amount lent or paid on items identified as scrap or low quality so we are still able to make a reasonable margin on scrap sales.

Total disposition gross profit including retail and pawnbroking scrap (£m)



Chief Executive's review continued

The Group continues to see gold purchasing as a steady source of cashflow and profitability albeit at lower levels than the exceptional period enjoyed in H1 10 when the Group was benefiting from being one of the first companies to take advantage of the development in the gold purchasing market.

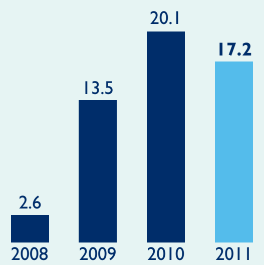
Gold purchasing

Customers have two choices when seeking to raise finance from gold jewellery in our stores. They may either pawn the gold, from which H&T earn a Pawn Service Charge, or they may select to sell their gold as a one-off transaction.

Gold purchasing was introduced by the Group in 2007 to attract a different customer base as well as to avoid the issue of customers pledging goods with no intention of redemption. Understanding the customers needs and motives is therefore a key element to our staff training to ensure the correct result for both the customer and the Group. Nor does the Group seek to influence behaviour by differentiating on price between purchasing and lending rates.

After a holding and processing period, the majority of purchased items will be smelted and sold at the current gold price less a small commission. In 2011, gold purchasing represented 26% of total gross profit (2010: 30%).

Gold purchasing gross profit
(£m)



PAWNBROKING SCRAP
The Group has a natural hedge to offset any potential fall in jewellery sales as its alternative disposition method is to scrap the gold at the then current gold price.

Scrap profits from the disposition of forfeited items from the Group's pledge book contributed £6.3m in 2011. This compares to the 2010 gross profit realised from scrap of £9.0m, which was boosted by the inclusion of £2.1m of profits realised from delayed 2009 auctions.

GOLD PURCHASING
The Group has seen gold purchasing as a steady source of cash flow and profitability albeit at lower levels than the exceptional period enjoyed in the first half of 2010 when the Group was benefiting from being one of the first companies to take advantage of the development in the gold purchasing market.

Gross profits in the year totalled £17.2m (2010: £20.1m). Within the 2010 result is a working capital gain of £2.8m delivered via shortening the time to process and dispose of purchased gold. Gold purchasing profits continue to be boosted by the rising price of gold. The higher absolute price benefits scrap proceeds but also a rising price environment helps to achieve higher than expected margins due to the time lag between purchase and disposition. The average daily gold price in 2011 was £982 per troy ounce, up 23.7% year on year.

Gold purchasing trends over the last 12 months have remained steady with customer numbers being broadly constant. The Group continues to remain competitive both on pricing and with its longevity in this market helping to build brand recognition and trust among our customers. H&T's GoldBar retail mall units remain a profitable and flexible business with 54 units in operation at the year end (2010: 45).

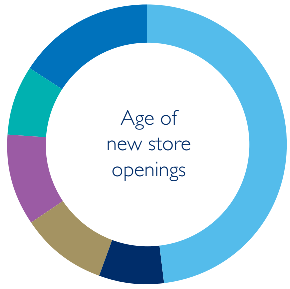
CHEQUE CASHING
Revenues net of bad debt and provisions from the Group's Third Party Cheque Cashing and Payday Advance products decreased to £4.9m (2010: £5.1m) and now contribute 7.5% of gross profit (2010: 7.7%).

Payday Advance revenues have been impacted by the gradual withdrawal of the cheque guarantee card. Allowing the Group to continue offering this product to the widest possible audience, we have developed, in conjunction with a third party, our own credit scoring and underwriting criteria. This has enabled customers to use the product when only presenting a debit card – there is no need for either a cheque book or cheque guarantee card. I am encouraged to note that the Group's overall net debt percentage has not increased year on year.

+88%

compound annual growth rate from 2008 in gold purchasing gross profit

Pawnbroking	66.2%
Gold Purchasing	24.6%
Financial Services	9.2%



Pre 2007	48.1%	2009	10.6%
2007	7.5%	2010	8.1%
2008	10.0%	2011	15.6%

We have also taken the opportunity to launch the Payday advance product online to take advantage of the rapidly increasing awareness of this product. We have applied the same high standards operated in store to the online offering which addresses the criticisms often levelled at online Payday loan operators. In addition to leading lending practices we have also set the standard on pricing with interest rates less than half the industry leader. We aim to establish this product during the course of 2012.

Gross commission earned from third party cheque cashing was broadly stable year on year, in contrast to declines experienced in previous years in this product. The Group is also pleased to note the decision taken by the Payments Council in 2011 in having decided to withdraw its target end date to the close the centralised cheque clearing system in the UK.

KWIKLOAN

The Group's KwikLoan revenues have benefited from some customers without a cheque guarantee card switching from the Payday advance product to our longer term unsecured KwikLoan product. The loan book increased to £1.1m at the year-end (2010: £1.0m).

Other financial services

CHEQUE CASHING

Cheque Cashing 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. The average cheque value in 2011 was £336 (2010: £318), with the average fee being £22 (6.4%) (2010: £20 (6.4%)).

The cheques are normally in respect of wages and the service is used as a quick and convenient alternative to a bank overdraft. The product simply serves a short term need for cash.

In order to manage the risk associated with cashing third party cheques we have access to a variety of information, from credit reference agencies to internet directories, as well as our own point of sale system and database of customer activity.

PAYDAY ADVANCE

Payday Advance is a simple form of credit, repayable on the customers next pay date. A loan is secured either by writing a cheque to the value of the loan plus a 13% charge or by giving debit card details and agreeing a repayment date. The contract allows for 30 days credit and the average advance in 2011 was £461 (2010: £465), with a typical charge of 13% (2010: 13%) per 30 days.

KWIKLOAN

H&T identified the need for an unsecured loan product that had a longer duration than a Payday Advance. The principle is that some customers are unable to repay the lump sum of a Payday Advance after 30 days and prefer a smaller regular repayment. The underwriting criteria are essentially the same as for a Payday Advance although we do more verification to ensure that the customer is likely to be a reasonable risk for the duration of the loan.

KwikLoan is currently offered over a 12 month period for loan values up to £750, although the average is closer to £600. We earn approximately £300 gross interest on a £500 KwikLoan over a 12 month period.

PREPAID DEBIT CARD

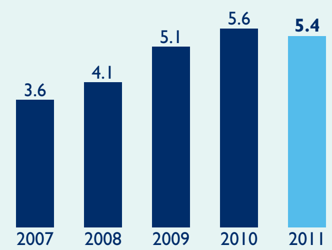
H&T offer a prepaid debit card on behalf of Advanced Payment Solutions (APS) under the CashPlus brand. The card is an instant issue Cirrus card (which allows ATM access immediately), with a personalised MasterCard issued to the customer in the post within 10 days. For further product information refer to www.apsgroup.com.

H&T were the first national chain to provide the CashPlus card in the UK and we remain one of the larger customers of APS.

The card is the ideal vehicle to provide funds to our customers in a more convenient form than cash. The card is the natural extension to each of our cash based products, with the store staff cross selling the benefit as part of our pawnbroking and cheque cashing transactions. We expect the card to enhance our relationship with customers, increasing retention and loyalty as they will use our outlets to load additional funds on to the card.

The customers value the status of having a MasterCard and the ability to use the card online, with over half the transactions on the card being for internet purchases.

Total other financial services income (£m)



Chief Executive's review continued

The Board expect to open a further 25 new stores in the current financial year. As at 1 March 2012, the Group had already opened 6 new sites and agreed provisional lease terms on a further 12.

Regulation

2011 saw the implementation of the European Credit Directive in the UK. This imposed certain requirements on lenders in respect of pre-contractual information, early settlement and the right of withdrawal. More recently the Department for Business, Innovation & Skills (BIS) has commissioned research into the potential impact of interest rate caps on credit agreements. H&T Group is fully engaged in this process, as are the relevant trade associations. At this stage we do not anticipate a change in the law given that the OFT, the industry's official regulator, published the High Cost Credit Review findings only last year stating that they did not believe a cap was necessary.

Business strategy and outlook

The Group seeks to retain its position as the UK's leading pawnbroker by providing easy access to cash and other related services in a fair, safe and friendly environment that exceeds the expectations of our customers. The Group aims to maintain its high levels of repeat custom with a continued focus on brand recognition, excellent customer service, investment in the existing store estate and maintaining its reputation for fairness and honesty. In addition, a focus on marketing and our continued store expansion strategy will drive new customers. Of the 160 stores open at the year end, 34% have been opened within the last three years either via acquisition or greenfield rollout.

The Group also continues to demonstrate its innovation skills, with the introduction of new products and services. In 2011, the Group has launched an on-line Payday Advance service, charging a considerably lower interest rate than any of the leading players in this market.

REVIEW OF THE PAWNBROKING MARKET

The UK landscape of pawnbrokers, buy-back operators, and general cheque cashing/Payday Advance firms has changed substantially over the last five years. Each of the market leaders in their respective category has expanded rapidly during this period, fuelled in the main by gold purchasing and the expansion in Payday lending.

Internal research suggests that over this five year period the number of traditional pawnbroking outlets has increased from 200 to 500, albeit that this growth is driven almost entirely by existing operators – H&T for example, has contributed 71 greenfield stores alone. The other high street alternative credit providers where pawnbroking is currently more of an ancillary service have also expanded rapidly; our research suggests from 350 to 1,100 outlets over the same period.

We continue to believe that the pawnbroking market remains underserved. Only a fraction of the population has ever visited a pawnbroker, whereas the performance and pledge book build of recent store openings in new localities support the Board's view that the potential market is far greater. One obstacle to greater growth has been general awareness as well as people's perception of pawnbroking. With recent positive press coverage of our industry, the expansion in number of outlets and greater advertising from the leading players, awareness is increasing. In addition, the open and modern layout of our stores and the excellent customer experience when visiting our stores continues to improve the wider public perception of pawnbroking.

CURRENT TRADING AND OUTLOOK

The Group holds strong organic growth prospects as it is already incurring the full operational costs for the 55 stores (34% of the Group estate) opened in the last three years, whereas these same stores contributed just 13% of Group gross profits during the year. As these stores age over the medium term, our experience shows that the pledge book continues to grow thus driving future profitability. The Board closely monitors new store performance and on average the recent new store openings are ahead of the investment model. This investment model is founded upon the store attaining a certain level of pledge balance and does not account for gold purchasing profits at current levels beyond the first year.

Future growth is also likely to be driven by further expansion of the Group's geographical footprint, either via development of greenfield sites or acquisitions. Given the financial position of the Group, with net debt to EBITDA of under 1 times, and current market conditions, the Board expect to open a further 25 new stores in the current financial year. As at 1 March 2012, the Group had already opened or agreed provisional lease terms on 18 sites.

I would also like to thank all our people whose skills, commitment and enthusiasm continue to drive our success, and give us confidence in the future. These efforts have also been externally recognised by the National Pawnbroker's Association with the Group having won both an Employer of the Year Award and Store of the Year Award in the last 18 months. I am also proud to announce that the Group has recently been accredited with the Investor's In People Silver Award, demonstrating our commitment to further developing and supporting our staff in achieving their full potential.

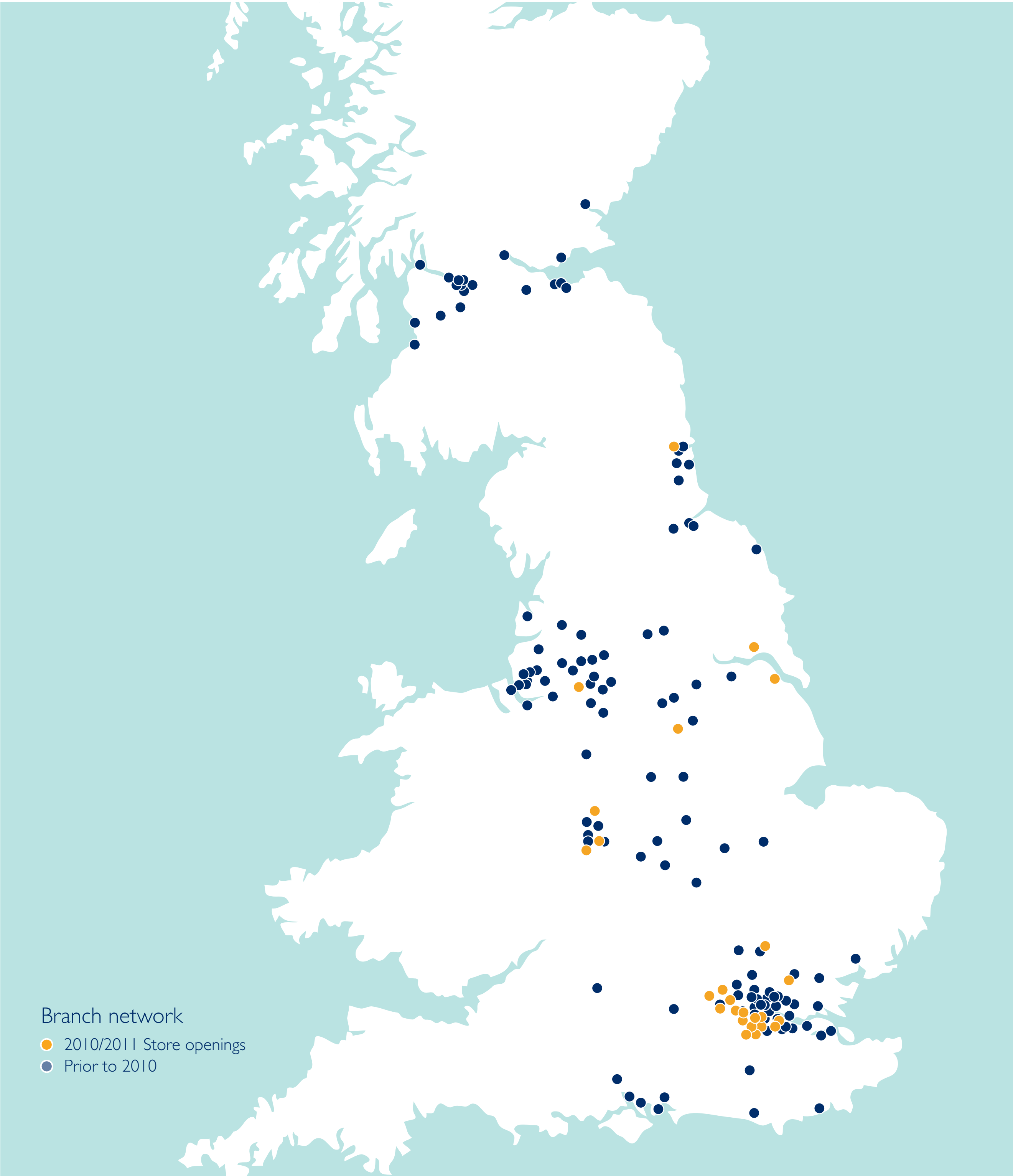
John G Nichols
Chief Executive

+11%

compound annual growth rate from
2007 in financial services gross profit

Expansion in the store estate

We believe that there is significant capacity in the market to develop additional units both around existing sites and in completely new areas.

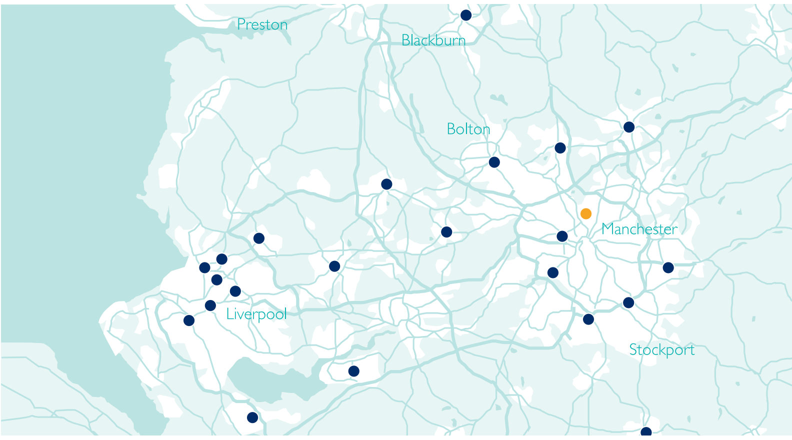


25

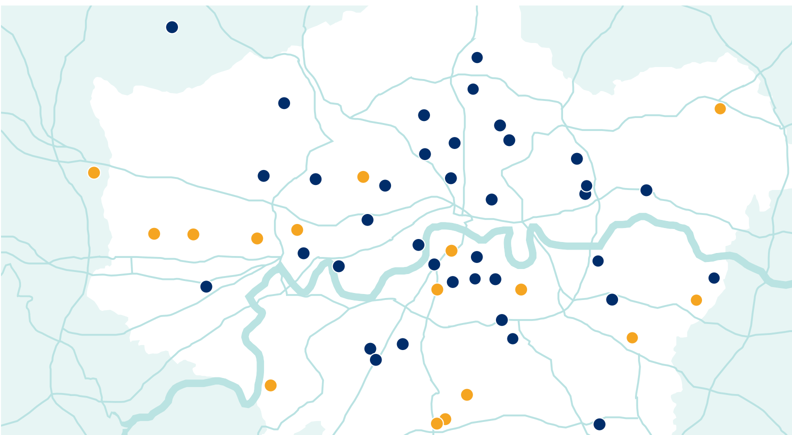
new stores added in 2011

Glasgow

North West



London



Accessing new markets

H&T's geographical development follows a clustering model. This is principally due to the need to support new stores with existing operational management and staff to maximise returns.

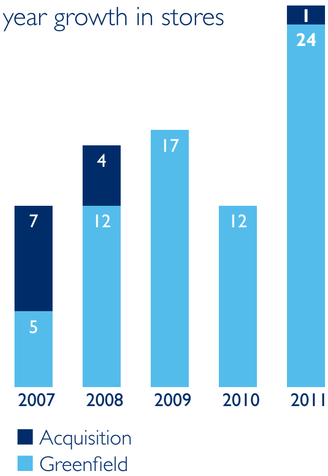
Practically, this means that where we enter a new market there are two main phases of development. The first is the initial acquisition or greenfield store followed by a period of development to provide a stable and successful team. The second phase is the consolidation of that market through the creation of a discrete area containing 8 to 10 stores.

This strategy has been demonstrated on the maps with focussed development in Glasgow, the North East and the North West.

We believe that there is significant capacity in the market to develop additional units both around existing sites and in completely new areas.

25 new stores were added in 2011 (2010:13) taking the total store estate size to 160 stores. In addition, the Group operates through 54 GoldBar units (2010: 45)

5 year growth in stores



Finance Director's review

The realisation of £4.9m of working capital gains in H1 2010 together with the peak in gold purchasing volumes has provided tough prior year comparables for our 2011 results.

At a headline level, gross profits fell by 2.0% year on year, but this is not reflective of current trends. Excluding the one-off working capital gains of £4.9m made in 2010, underlying gross profits have risen 5.8% year on year. Comparing H2 2010 with H2 2011, thus removing the impact of both the one-off gains and the period of peak gold purchasing volumes, reveals a growth rate of 18.4%. Key drivers have been the 18.0% increase in the Group's pledge book, the rising gold price and an increase in store numbers.

The year end balance sheet position remains healthy both in terms of gearing and credit headroom. The Group currently has a £50.0m credit facility of which £34.0m (2010: £31.0m) was drawn at the year end, leaving £16.0m of available funding for future store expansion. Current gearing, defined as debt as a proportion of debt plus equity, is 31% (2010: 33%) and the Group's net debt to EBITDA ratio stands at 1.1x (2010: 0.9x). Net debt in the year increased to £29.3m from £27.0m, due to continued working capital investment into the Group's pledge book. This resulted in EBITDA of £27.4m converting to cash generated from operations of £14.0m. This cash flow and movement in net debt funded £6.7m of tax, £1.7m in interest, £4.9m of capital expenditure and £3.5m of dividends.

Another highlight is the proposed final dividend of 7.00p, which takes the full year dividend to 10.75p – a 13.2% increase year on year. It also maintains our track record of dividend growth in every year since the Group's flotation in 2006, despite the capital expenditure required to fund the Group's store expansion programme and the dilutive earnings profile of a new store in its early stages. Earnings per share covers the dividend by 4.8x.

Other key areas of note include:

OTHER DIRECT AND ADMINISTRATIVE EXPENSES

Other direct and administrative expenses rose from £38.1m in 2010 to £40.8m in 2011. The increase was driven by the full year effect of stores opened in 2010 and the 25 new stores opened in 2011.

FINANCE COSTS

Interest on bank loans fell during 2011 to £1.7m (2010: £2.6m), as improvement in the Group's financial covenant headroom triggered a lower margin payable above LIBOR on the loan balance.

H&T's interest cover ratio (EBITDA to interest) was 16.1x (2010: 15.1x).

EARNINGS PER SHARE

A low taxation charge, principally due to a prior year adjustment on deferred tax as disclosed in note 12, resulted in an effective tax rate of 22.7% for 2011. As a result, while PBT fell year on year, basic earnings per share increased to 51.12 pence (2010: 48.77 pence). Diluted earnings per share for 2011 was 48.39 pence compared with 47.52 pence in 2010.

CAPITAL EXPENDITURE

Capital expenditure during the year on property, plant and equipment was £4.9m (2010: £3.7m) of which the majority related to the 25 new stores opened during the year.

RETURN ON CAPITAL EMPLOYED (ROCE)

ROCE, defined as profit before tax, interest receivable, finance costs and movement in fair value of interest rate swap as a proportion of net current assets and tangible and intangible fixed assets (excluding goodwill), decreased from 37.7% in 2010 to 26.2% in 2011. This decrease partly reflects the one-off working capital contribution of £4.9m delivered in 2010, the early year dilutive effect of new store openings and the £15.6m increase in net current assets.

Alex Maby

Alex Maby
Finance Director

Directors, Officers and Advisers

EXECUTIVE DIRECTORS

John G Nichols
Chief Executive, 61
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 consistent growth in revenues and profitability. He has also been instrumental in the initiative to obtain the ISO9001 and Investors in People accreditations.

Alex M Maby
Finance Director, 38
Alex, a Chartered Accountant who trained with PricewaterhouseCoopers, previously worked at Macquarie's private equity division where he fulfilled a number of roles for various portfolio companies including chief financial officer and board director. Prior to this, he worked for Mapeley Plc as head of financial engineering and ING Barings as an equity analyst. He joined H&T in February 2009.

Stephen A Fenerty
Commercial Director, 39
A Chartered Accountant who trained at KPMG, Stephen has pursued a variety of management roles in the alternative credit sector. Prior to joining H&T, Stephen worked for The Money Shop (part of Dollar Financial, Inc.) where he was responsible for new product development introducing, amongst others, foreign exchange, unsecured loans and loans brokerage.

Stephen joined H&T in March 2005 as Commercial Director and is responsible for unsecured lending, marketing and IT. He is responsible both for the project management and implementation of business development initiatives and for origination and execution of acquisitions.

NON-EXECUTIVE DIRECTORS

Peter D McNamara
Chairman, 61
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.

He is presently executive Chairman of Notemachine.

Andrew J Brown, *67*
Andrew, a Chartered Accountant, was finance director and subsequently joint chief executive of Gartmore Investment Management plc. He has been a board member or chairman of a number of listed and unlisted companies and is presently Chairman of Oval Limited and Merco Recruitment Holdings Limited and an adviser to a number of investment management firms.

Malcolm L Berryman, *57*
Malcolm is currently a Non-Executive Director at Scottish Friendly Assurance 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.

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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 Company 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 Company complies, so far as practical, with the Code in the following ways:

DIRECTORS

The Board

The Board comprises three executive directors and three non-executive directors. Their biographies appear on page 21. 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 hold shares as disclosed on page 27. 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 statement of directors' responsibilities in respect of the financial statement is set out in this Annual Report on page 31.

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 accounts, 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 Berryman (Chairman)
- Peter D McNamara
- Andrew J Brown

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:

- Andrew J Brown (Chairman) - Chartered Accountant
- Malcolm 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 stock balances within stores and the Group's Jewellery Centre. The Committee reviews the operation of internal controls and reports to the Board on the annual review of the internal control and risk management.

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 Berryman
- Andrew J Brown

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 Stores Audit function exists to ensure that Group procedures regarding cash, pledges and stock handling are being adhered to.

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 and non-compliance risks.

Relations with shareholders

The board recognises the importance of communications with shareholders. The Chief Executive's statement and the operational review on pages 12 to 17 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.

Going concern

The Group has continued to improve its financial performance year on year, delivering profit after tax of £18.1m for the year ended 31 December 2011 (year ended 31 December 2010: £17.2m). The Group has also increased its net assets to £77.3m (2010: £61.7m) by reinvesting £8.2m into receivables and investing £4.9m into capital expenditure. The Group's year on year loan balance only increased by £3.0m during 2012 highlighting the Group's ability to generate strong underlying cash flows.

The Board has approved a detailed budget for 2012, which indicates a robust performance with surplus cash generated from operations after accounting for the Group's forecast levels of capital expenditure. In addition, the Group has access to its current £50m revolving facility, which is not due to expire until July 2013. As at 31 December 2011, the Group had £16m of available financing by which to finance both current operations and future growth. 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 2012, as well as funding the planned expansion in the store estate. The Board is also confident of meeting all covenant tests during the year.

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 has 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 very 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. These commodities have exhibited increasing values in the current environment, and 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 FY 2012 forecasts, the directors have formed the view that the Group has adequate resources to continue as a going concern for the foreseeable future 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 Directors' Report.

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011.

Principal activities and review of the business

The principal activity of the Company is that of a non-trading holding company for Harvey & Thompson Limited and H&T Finance Limited. 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.

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, Chief Executive's Review and Finance Director's Review on pages 3 to 20.

Principal risks and uncertainties

The directors continually identify, evaluate and manage material risks and uncertainties faced by the Group which could adversely affect the Group's business, operating results and financial condition. It is unfortunately inevitable in a business that has a stock in trade consisting of cash and gold that fraudulent losses occur from time to time. We have in place both ethical requirements for our staff, continually refined and improved procedures, together with an internal audit team to address this risk. The list below details what the directors consider to be the principal risks and uncertainties and the actions taken, or to be taken, to mitigate the adverse consequences. This list is not intended to be exhaustive and other risks may emerge over time:

Pawnbroking	Description of risk	Examples of mitigating activities/factors
Pawnbroking	• Increasing competition	• Continual monitoring at store level • Expansion strategy to maintain H&T's position as one of the industry key players • Maintenance of a high level of customer service
	• Potential changes in regulatory environment	• Continual monitoring and lobbying
	• Fall in the gold price affecting existing pledge security and future lending levels	• Monitoring of gold price • Maintenance of appropriate margin between pledge value and gold price • Lending on alternative high value items
	• Fall in the gold price affecting scrap margin	• Review possible use of hedging instruments • Focus on increasing redemption rates to minimise reliance on disposition • Increase retail sales as a disposition hedge
	• Decline in retail sales	• Excess stock scrapped at a high margin
	• Fall in pawnbroking redemption	• Increase in disposition through retail, auction and scrap activities
	• Increased availability of gold purchasing option for consumers	• Pawnbroking is a long established business model, with pawnbroking customers being distinct from purchasing customers • Experienced management team with significant industry knowledge
Cash, pledge book and retail inventory	• Physical security of all assets	• High level of investment in security systems • Insurance
	• Insufficient pledge securities	• Staff training and pledge tests • Monitoring of established lending criteria • Internal audit function reviewing individual pledges on average twice a year

Pawnbroking	Description of risk	Examples of mitigating activities/factors
Cheque cashing and unsecured lending	• Significant worsening of bad debts	• Investment in IT systems • Staff training • Continual monitoring of bad debts and lending criteria
	• Decline in third party cheque encashment business	• On-going reduction in overall business mix and replacement by new services and products
Gold purchasing	• Increasing competition impacting on volumes purchased and margins achieved	• Constant monitoring of competitor's pricing • Expansion strategy both for stores and retail mall units to maintain leading market position • Progressive marketing strategies
	• Fall in the sterling gold price adversely impacting scrap margins	• Adjust purchase price offered to compensate for market movements in gold price • Possible use of hedging instruments
Business operations	• Back office and communication systems failure	• Established IT disaster recovery plan • Systems designed with no single point of failure
People	• Succession, retention and capability	• High investment in on-going training • Performance related pay package • Share-based incentive plans
	• Safety & security of employees being placed at threat	• No. of in store deterrents to deter violent intruders (CCTV, alarms, safes, fog) • Employer and public liability insurance in place • Group policy of no remonstration
Financing	• Potential increase in cost of financing due to borrowings being on a floating rate	• Use of hedging instruments where appropriate (interest rate swap)
	• Bank funding is subject to strict financial covenants	• Regular forecasting exercise and regular communication with the financing bank
	• Financing bank going bankrupt	• Review of existing financing facilities and possible use of syndicated banking

Dividends

The directors propose a final dividend of 7.00p (2010: 6.00p) per share subject to approval at the Annual General Meeting on 19 April 2012. This proposed dividend, in accordance with IAS 10 'Events after the balance sheet date' for the Group, and, FRS 21 'Events after the balance sheet date' for the Company, 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 2010 of 6.00p per share and an interim dividend for the year ended 31 December 2011 of 3.75p per share (2010: 3.50p per share).

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including interest rate risk, credit risk, liquidity risk and price 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. The Group uses an interest rate swap contract to hedge this exposure on a notional value of £34,000,000 (2010: £34,000,000). As at 31 December 2011, the Group had outstanding bank loans of £34,000,000 such that it was not exposed to interest rate risk at this point in time.

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

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Directors' report

continued

which are the pledge book, the KwikLoan loan book, Payday Advances 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 collaterals (the customer's pledges) which can be easily liquidated in almost all cases at a profit.

The risks attached to the KwikLoan loan book and Payday Advances, both of which are unsecured lending, are mitigated by the continual monitoring of bad debts and a possible modification of lending criteria. With respect to the KwikLoan product, 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	Aa3
The Royal Bank of Scotland plc	A2

The Group has no significant concentration of credit risk other than on bank balances of £494,000 (2010: £656,000) with Royal Bank of Scotland plc and £2,171,000 with Barclays Bank plc (2010: £1,630,000).

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 2011, the Group had sufficient headroom on its current borrowings and remains in full compliance with all loan covenants.

Furthermore, the Company 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 resale 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. The Group considers this risk to be limited due to the current margin on scrap gold. 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 wholly conducted in Great Britain, the Group is impacted by foreign currency exchange rates affecting the gold price exchange from USD to GBP.

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 462,058 new ordinary shares (2010: 241,663) of £0.05 each were issued, called up and fully paid as part of the Group's share option and long term incentive plans.

As a result of the above the nominal issued share capital has increased from £1,781,591 as at 31 December 2010 to £1,804,694 as at 31 December 2011.

As at 31 January 2012, 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	18.5%
BlackRock	9.7%
Henderson Global Investors	7.1%
Invesco Perpetual	5.8%
Octopus Investments	4.5%
Baillie Gifford	4.3%
Directors	3.8%

Details of employee share schemes are set out in note 28. Under these share schemes, there are currently potentially an additional 1,673,612 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 3,609,389 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 2011 or 31 December 2010.

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 were as follows:

Executive

J G Nichols
A M Maby
S A Fenerty

Non-Executive

P D McNamara
A J Brown
M Berryman

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

Director	Type of share	At 1 January 2011	Acquired in the year	Disposed of in the year	At 31 December 2011
J G Nichols	Ordinary 5p shares	1,025,000	–	–	1,025,000
A M Maby	Ordinary 5p shares	–	–	–	–
S A Fenerty	Ordinary 5p shares	300,000	–	–	300,000
P D McNamara	Ordinary 5p shares	17,351	–	–	17,351
A J Brown	Ordinary 5p shares	25,000	–	–	25,000
M Berryman	Ordinary 5p shares	–	2,000	–	2,000

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:

	At start of year No.	Granted during the year No.	Exercised during 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	182.5p	–	8/9/2009	7/9/2016
- 2007 Scheme	78,390	–	–	78,390	217.5p	–	17/5/2010	16/5/2017
- 2008 Scheme	92,293	–	–	92,293	175.5p	–	15/5/2011	14/5/2018
- 2009 Scheme	87,629	–	–	87,629	194.0p	–	1/5/2012	30/4/2019
- 2010 Scheme	93,686	–	–	93,686	245.5p	–	20/4/2013	19/4/2020
- 2011 Scheme	–	–	–	–	–	–	–	–
	439,395	–	–	439,395				
A M Maby								
- 2009 Scheme	77,320	–	–	77,320	194.0p	–	1/5/2012	30/4/2019
- 2010 Scheme	65,173	–	–	65,173	245.5p	–	20/4/2013	19/4/2020
- 2011 Scheme	–	14,451	–	14,451	298.5p	–	19/4/2014	18/4/2021
	142,493	14,451	–	156,944				
S A Fenerty								
- 2006 Scheme	51,233	–	–	51,233	182.5p	–	8/9/2009	7/9/2016
- 2007 Scheme	45,517	–	–	45,517	217.5p	–	17/5/2010	16/5/2017
- 2008 Scheme	59,544	–	–	59,544	175.5p	–	15/5/2011	14/5/2018
- 2009 Scheme	61,856	–	–	61,856	194.0p	–	1/5/2012	30/4/2019
- 2010 Scheme	54,989	–	–	54,989	245.5p	–	20/4/2013	19/4/2020
- 2011 Scheme	–	11,476	–	11,476	298.5p	–	19/4/2014	18/4/2021
	273,139	11,476	–	284,615				

Directors' report

continued

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):

	At start of year No.	Granted during the year No.	At end of year No.	Exercise price pence	Date when conditional grant is achievable
J G Nichols					
- 2008 LTIP	109,813	–	109,813	–	7/11/2011
- 2011 LTIP	–	77,174	77,174	–	1/4/2014
	109,813	77,174	186,987		
A M Maby					
- 2009 LTIP	80,428	–	80,428	–	1/5/2012
- 2011 LTIP	–	42,781	42,781	–	1/4/2014
	80,428	42,781	123,209		
S A Fenerty					
- 2008 LTIP	64,406	–	64,406	–	7/11/2011
- 2011 LTIP	–	33,973	33,973	–	1/4/2014
	64,406	33,973	98,379		

No options have been exercised by any of the directors in the year.

At 31 December 2011, the market price of H&T Group plc's shares was 321p and the range during the year ended 31 December 2011 was 277p – 395p.

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:

P. D. McNamara
M. Berryman

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:

	2011 £	2010 £
Emoluments	**1,621,215**	1,554,543
Money purchase pension contributions	**54,236**	36,165
	1,675,451	1,590,708

Directors' emoluments and compensation

Name of director	Fee/Basic salary £	Benefits in kind £	Annual bonuses £	**2011 Total £**	2010 Total £
Executive					
J G Nichols	233,450	12,227	466,900	**712,577**	701,946
A M Maby	172,550	10,038	242,243	**424,831**	399,829
S A Fenerty	137,025	10,038	192,369	**339,432**	321,518
Non-executive					
P D McNamara	66,875	–	–	**66,875**	63,750
A J Brown	38,750	–	–	**38,750**	33,750
M Berryman	38,750	–	–	**38,750**	33,750
Aggregate emoluments	687,400	32,303	901,512	**1,621,215**	1,554,543

Directors' annual bonus scheme

The Remuneration Committee consider the total remuneration package available to Executive director's 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.

The 2011 bonus structure was as follows:

- Executive directors receive a percentage of salary for achieving on-target performance. For 2011, the target set was achievement of the Group EBITDA budget.
- For each 1% out-performance to the target, an additional payment of 1.5% - 2.0% of salary would also be made. No director can receive a bonus of more than 200% of salary.

The Remuneration Committee has commissioned an external firm to perform benchmarking analysis on total remuneration and to analyse potential alternatives for future bonus schemes. The report is due in Q2 2012.

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the company granted to or held by the directors. Details of options granted to and held by directors who served during the year appear on pages 26 to 28, within the section titled 'Directors and their interests'. No director exercised any option during the year.

Details of all performance criteria attached to director's share options are disclosed in note 28. There have been no variations to the terms and conditions or performance criteria for share options during the financial year.

LTIP

Full details of existing LTIP schemes, and LTIP awards during the year, appear within note 28. There have been no variations to the terms and conditions or performance criteria for the LTIP schemes during the financial year.

Directors' pension entitlements

3 directors are members of money purchase schemes. Contributions paid by the company in respect of such directors were as follows:

	2011 £	2010 £
J G Nichols	**23,316**	14,375
A M Maby	**17,234**	11,665
S A Fenerty	**13,686**	10,125
	54,236	36,165

Directors' report

continued

Personnel

Details of the number of employees and related costs can be found in note 9 to the consolidated accounts. 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.

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.

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 December 2011 were equivalent to 29 (2010: 29) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Charitable and political contributions

During the year the Company and Group made donations to registered local and national charities of £5,394 (2010: £4,800). No political contributions were made during the year (2010: £nil).

Independent auditor and statement of provision of information to the independent auditors

Deloitte LLP have expressed their 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 Company'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 Company'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 of Directors and signed on behalf of the Board

J G Nichols
Chief Executive
7 March 2012

Statement of directors' responsibilities

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. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006 and The AIM Rules. The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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.

Independent auditors' report

on the group financial statements 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 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated 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 Statement of Directors' Responsibilities, 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 to 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. 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 2011 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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 2011.

Ian J Smith (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

7 March 2012

Consolidated statement of comprehensive income

For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Revenue	5,6	**125,516**	126,397
Cost of sales		**(60,082)**	(59,637)
Gross profit	6	**65,434**	66,760
Other direct expenses		**(30,944)**	(29,790)
Administrative expenses		**(9,870)**	(8,329)
Operating profit		**24,620**	28,641
Investment revenues	5,10	**1**	1
Finance costs	11	**(1,708)**	(2,606)
Movement in fair value of interest rate swaps	23	**553**	(533)
Profit before taxation	7	**23,466**	25,503
Tax charge on profit	12	**(5,332)**	(8,316)
Profit for the financial year and total comprehensive income		**18,134**	17,187

		2011 pence	2010 pence
Earnings per share			
From continuing operations			
Basic	13	**51.12**	48.77
Diluted	13	**48.39**	47.52

All results derive from continuing operations.

FINANCIAL STATEMENTS

Consolidated statement of changes in equity

For the year ended 31 December 2011

	Note	Share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2010		1,770	24,082	(13)	21,216	47,055
Profit for the financial year		–	–	–	17,187	17,187
Total income for the financial year		–	–	–	17,187	17,187
Issue of share capital		12	474	–	–	486
Share option credit taken directly to equity	28	–	–	–	149	149
Deferred tax on share options taken directly to equity	24	–	–	–	31	31
Dividends paid	14	–	–	–	(3,227)	(3,227)
At 1 January 2011		**1,782**	**24,556**	**(13)**	**35,356**	**61,681**
Profit for the financial year		**–**	**–**	**–**	**18,134**	**18,134**
Total income for the financial year		**–**	**–**	**–**	**18,134**	**18,134**
Issue of share capital	27	**23**	**405**	**–**	**–**	**428**
Share option credit taken directly to equity	28	**–**	**–**	**–**	**316**	**316**
Deferred tax on share options taken directly to equity	24	**–**	**–**	**–**	**204**	**204**
Dividends paid	14	**–**	**–**	**–**	**(3,468)**	**(3,468)**
Employee benefit trust shares	27	**–**	**–**	**(12)**	**–**	**(12)**
At 31 December 2011		**1,805**	**24,961**	**(25)**	**50,542**	**77,283**

Consolidated balance sheet

At 31 December 2011

	Notes	**31 December 2011 £'000**	31 December 2010 £'000
Non-current assets			
Goodwill	15	**16,873**	16,825
Other intangible assets	16	**847**	978
Property, plant and equipment	17	**13,070**	10,751
Deferred tax assets	24	**1,137**	281
		31,927	28,835
Current assets			
Inventories	19	**29,439**	24,100
Trade and other receivables	20	**58,539**	50,159
Cash and cash equivalents	20	**4,695**	4,029
		92,673	78,288
Total assets		**124,600**	107,123
Current liabilities			
Trade and other payables	21	**(8,714)**	(8,623)
Current tax liabilities	21	**(3,631)**	(4,361)
Derivative financial instruments	23	**(418)**	(972)
		(12,763)	(13,956)
Net current assets		**79,910**	64,332
Non-current liabilities			
Borrowings	22	**(34,000)**	(31,000)
Provisions	25	**(554)**	(486)
		(34,554)	(31,486)
Total liabilities		**(47,317)**	(45,442)
Net assets		**77,283**	61,681
Equity			
Share capital	27	**1,805**	1,782
Share premium account		**24,961**	24,556
Employee Benefit Trust shares reserve	27	**(25)**	(13)
Retained earnings		**50,542**	35,356
Total equity		**77,283**	61,681

The financial statements of H&T Group plc, registered number 01588117, were approved by the board of directors and authorised for issue on 7 March 2012.

They were signed on its behalf by:

J G Nichols
Chief Executive

Consolidated cash flow statement

Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Net cash generated from operating activities	30	**5,574**	22,416
Investing activities			
Interest received		**1**	1
Purchases of property, plant and equipment		**(4,502)**	(3,970)
Purchases of intangible assets		**(2)**	(115)
Acquisition of trade and assets of businesses		**(353)**	(283)
Net cash used in investing activities		**(4,856)**	(4,367)
Financing activities			
Dividends paid	14	**(3,468)**	(3,227)
Net increase/(decrease) of borrowings		**3,000**	(13,500)
Proceeds on issue of shares	27	**428**	486
Loan to the Employee Benefit Trust for acquisition of own shares		**(12)**	–
Net cash absorbed by financing activities		**(52)**	(16,241)
Net increase in cash and cash equivalents		**666**	1,808
Cash and cash equivalents at beginning of the year		**4,029**	2,221
Cash and cash equivalents at end of the year		**4,695**	4,029

Notes to the consolidated financial statements

For the year ended 31 December 2011

1. General information

H&T Group plc is a company incorporated in the United Kingdom under the Companies Acts. The address of the registered office is given on page 21. The nature of the Group's operations and its principal activities 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 following new or revised Standards and Interpretations have been adopted.

Amendment to IFRS 1:	Limited Exemption from Comparative IFRS 7 Disclosures for First-time adopters
IAS 24 (revised):	Related party disclosures
Amendment to IAS 32:	Classification of Rights Issues
Amendments to IFRIC 14:	Prepayments of a Minimum Funding Requirement
IFRIC 19:	Extinguishing Financial Liabilities with Equity Instruments
Annual improvements to IFRSs 2010	

No amendments to these financial statements have been made as a result of adopting these new and revised Standards and Interpretations.

Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendments to IFRS 7:	Financial instruments disclosures
IFRS 9:	Financial instruments - Classification and Measurement
IFRS 10:	Consolidated financial statements
IFRS 11:	Joint arrangements
IFRS 12:	Disclosure of interest in other entities
IFRS 13:	Fair value measurement
Amendments to IAS 1:	Presentation of items of other comprehensive income
Amendments to IAS 12:	Deferred tax – recovery of underlying assets
Amendments to IAS 32:	Offsetting Financial Assets and Financial Liabilities
IAS 19 (revised):	Employee benefits
IAS 27 (revised):	Separate financial statements
IAS 28 (revised):	Investments in associates and joint ventures
Annual improvements to IFRSs 2011	

The Directors do not anticipate that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group, except for disclosure.

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.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses 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 Corporate Governance report on pages 22 and 23.

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

3. Significant accounting policies (continued)

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 accounts 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. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and is not subsequently reversed.

CGU's 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.

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.

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, 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).

Property, plant and equipment

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

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

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. For stock 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 stock 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 stocks.

3. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

In accordance with IAS 39, 'Financial Instruments: Recognition and Measurement' the Group has classified its financial assets as 'loans and receivables' and financial assets at 'fair value through profit and loss'.

Loans and receivables

The principal financial assets included in this measurement category are:

Trade receivables

Trade receivables represent amounts due from customers in the normal course of business. Trade receivables include certain amounts, namely pledge receivables and KwikLoan 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.

Cash and cash equivalents

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 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. Fair value is determined in the manner described in note 26.

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.

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'.

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

3. Significant accounting policies (continued)

Financial liabilities at FVTPL

Only the Group's derivative financial instruments 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. 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.

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.

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.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rental payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. The benefit of lease incentives is spread over the term of the lease.

The Group currently has no finance leases.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect 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 repairs and maintenance obligations as it 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.

3. Significant accounting policies (continued)

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 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:

- Retail comprises revenue from retail jewellery sales, of both purchased stock and from the sale of pledged security from unredeemed pawn loans and is recognised at the time of sale;
- 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;
- Pawnbroking Scrap and Gold Purchasing comprises proceeds from gold scrap sales and is recognised at the time of sale;
- Cheque cashing comprises revenues from third party Cheque Cashing and Pay Day Advances. The commission receivable on cheque cashing is recognised at the time of the transaction; and
- Other financial services comprise revenues from other unsecured lending, foreign exchange income, prepaid card and other income. Interest receivable on unsecured 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. 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, cheque cashing and other financial services on a portfolio approach. The Group considers that the bad debts arising on the loans and receivables balances are a direct 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.

Gross profit

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

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:

	2011 £'000	2010 £'000
Operating profit	**24,620**	28,641
Depreciation and amortisation	**2,770**	2,594
EBITDA	**27,390**	31,235

The Board considers EBITDA as a key measure of the Group's financial performance.

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

3. Significant accounting policies (continued)

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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 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 stock, 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.

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. As stated above, 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.

Dilapidations provisions

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 repairs and maintenance obligations 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.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

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 dependant 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 2010 or 2011. The sensitivity of the pledge accrual to reasonable changes in the redemption rate is shown in note 26.

Impairment of goodwill

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 acquired.

There were no impairments recorded in the current or preceding year. 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. The year one cash flows are derived from the most recent financial budget, with cash flows in subsequent years reflecting management's estimate of the expected growth of the revenue in the relevant cash generating unit, based on the specific characteristics of the store, and the stage of development of the core product offerings, being principally the pledge book and the cheque cashing activities. This reflects both past experience of the Group, and store specific factors. A terminal value is then calculated for periods thereafter.
2. The Group has discounted the cash flows at a post tax, risk adjusted rate of 9.0%. The terminal value cash flows are forecast to increase at between 0% and 2% dependent on the cash generating unit.
3. The directors have considered reasonably possible changes in the key assumptions and are of the opinion that no change to the impairment review conclusions would arise from such changes. This reflects the prudent acquisition policy applied by the Group, the integration of the acquisitions within the overall portfolio of stores that the Group operates, and the growth obtained through the introduction of the Group's products in newly acquired stores.

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. Actual events may vary materially from management expectation.

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 and shrinkage. 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.

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

The impairment of Pay Day Advance loans is subject to a portfolio approach, based on an estimate of historical bad debt experience and expected recoveries.

The impairment of KwikLoan loans is subject to individual assessment based on the number of payments missed. If one payment has been missed, a third of the remaining balance is impaired, if two payments have been missed, two-third of the remaining balance is impaired and if three payments or more have been missed, the whole remaining balance is impaired.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

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.

Stock provisioning

Where necessary provision is made for obsolete, slow moving and damaged stock or stock shrinkage. The provision for obsolete, slow moving and damaged stock represents the difference between the cost of the stock and its market value. The stock 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.

5. Revenue

An analysis of the Group's revenue is as follows:

	2011 £'000	2010 £'000
Sales of goods		
Gold purchasing, retail, pawnbroking scrap,	**93,351**	97,571
Interest/commission earned		
Pawnbroking, cheque cashing and other financial services	**32,165**	28,826
Group operational revenue	**125,516**	126,397
Investment revenues	**1**	1
Total Group revenue	**125,517**	126,398

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

Included in the above revenues are the following items of income and gains:

	2011 £'000	2010 £'000
Income		
Interest earned on financial assets not designated at fair value	**26,839**	23,383
Fees earned on financial assets not designated at fair value	**6,328**	6,951

6. Business and geographical segments

Business segments

For reporting purposes, the Group is currently organised into six segments – Pawnbroking, Gold purchasing, Retail, Scrap, Cheque cashing and Other financial 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 4% and 8%. 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 and more recently through 54 GoldBar units located in shopping centres throughout England and Wales. The transaction is simple with the store or unit 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.

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 purchased second-hand jewellery. The retail offering is complemented with a small amount of new jewellery purchased from third parties by the Group.

6. Business and geographical segments (continued)

Business segments (continued)

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.

Cheque cashing:

This segment comprises two products:

- 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.
- Pay Day Advance is a short term cash loan repayable within 30 days, offered both in stores and on-line. Customers can secure a loan of up to £650 either by writing a cheque to the value of the loan plus a 13% charge, or by giving their debit card details and agreeing a date for repayment of loan and associated interest.

Both products are subject to bad debt risk which is reflected in the commissions and fees applied.

Other financial services:

This segment comprises:

- KwikLoan product which is an unsecured loan repayable over 12 months of up to £750. The Group earns approximately £300 gross interest on a £500 loan over 12 months.
- The Prepaid debit card product where the Group earns a commission when selling the card or when the customer is topping up their card.
- The foreign exchange currency (Euro and US Dollar) service where the Group earns a commission when selling or buying foreign currencies. This service is currently offered in a limited number of stores only.

Only the KwikLoan product is subject to bad debt risk which is reflected in the interest rate offered.

Further details on each activity are included in the Chief Executive's Review on pages 12 to 17.

Segment information about these businesses is presented below:

2011	**Pawn-broking 2011 £'000**	**Gold purchasing 2011 £'000**	**Retail 2011 £'000**	**Pawn-broking scrap 2011 £'000**	**Cheque cashing 2011 £'000**	**Other financial services 2011 £'000**	**Consolidated year ended 2011 £'000**
Revenue							
External sales	26,727	54,563	19,953	18,835	4,907	531	125,516
Total revenue	26,727	54,563	19,953	18,835	4,907	531	125,516
Segment result – gross profit	**26,727**	**17,151**	**9,815**	**6,303**	**4,907**	**531**	**65,434**

2010	Pawn-broking 2010 £'000	Gold purchasing 2010 £'000	Retail 2010 £'000	Pawn-broking scrap 2010 £'000	Cheque cashing 2010 £'000	Other financial services 2010 £'000	Consolidated year ended 2010 £'000
Revenue							
External sales	23,181	55,712	19,558	22,301	5,120	525	126,397
Total revenue	23,181	55,712	19,558	22,301	5,120	525	126,397
Segment result – gross profit	23,181	20,107	8,785	9,042	5,120	525	66,760

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

6. Business and geographical segments (continued)

As disclosed in note 3, Gross profit is stated after charging bad debt expenses and the direct costs of stock 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 scrap activities.

	Pawn-broking 2011 £'000	Gold purchasing 2011 £'000	Retail 2011 £'000	Pawn-broking scrap 2011 £'000	Cheque cashing 2011 £'000	Other financial services 2011 £'000	Unallocated assets/ (liabilities) 2011 £'000	Consolidated year ended 2011 £'000
Other information								
Capital additions (*)	–	–	–	–	–	–	5,124	5,124
Depreciation and amortisation (*)	–	–	–	–	–	–	2,770	2,770
Balance sheet								
Assets								
Segment assets	52,865	2,506	26,306	627	2,280	1,026		85,610
Unallocated corporate assets							38,990	38,990
Consolidated total assets								124,600
Liabilities								
Segment liabilities	–	–	(595)	–	(23)	(22)		(640)
Unallocated corporate liabilities							(46,677)	(46,677)
Consolidated total liabilities								(47,317)

(*) 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.

6. Business and geographical segments (continued)

	Pawn-broking 2010 £'000	Gold purchasing 2010 £'000	Retail 2010 £'000	Pawn-broking scrap 2010 £'000	Cheque cashing 2010 £'000	Other financial services 2010 £'000	Unallocated assets/ (liabilities) 2010 £'000	Consolidated year ended 2010 £'000
Other information								
Capital additions (*)	–	–	–	–	–	–	3,889	3,889
Depreciation and amortisation (*)	–	–	–	–	–	–	2,594	2,594
Balance sheet								
Assets								
Segment assets	45,025	2,769	21,024	308	2,465	979		72,570
Unallocated corporate assets							34,553	34,553
Consolidated total assets								107,123
Liabilities								
Segment liabilities	–	–	(522)	–	(41)	(24)		(587)
Unallocated corporate liabilities							(44,855)	(44,855)
Consolidated total liabilities								(45,442)

(*) 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 operations are located entirely in the United Kingdom and all sales are within 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 £48,760,000 (2010 - £42,674,000) and from its second largest customer of £23,942,000 (2010 - £34,220,000).

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

7. Profit before taxation

	2011 £'000	2010 £'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment reported within:		
- Other direct expenses	**2,451**	2,223
- Administrative expenses	**106**	127
Amortisation of intangible assets (reported within Other direct expenses)	**213**	244
Loss on disposal of property, plant and equipment	**117**	207
Cost of inventories recognised as expense	**59,202**	58,665
Write downs of inventories recognised as an expense	**880**	972
Staff costs (see note 9)	**21,604**	20,241
Impairment loss recognised on pawnbroking financial assets (*)	**356**	216
Provision recognised on pawnbroking financial assets (*)	**(133)**	179
Impairment loss recognised on cheque cashing financial assets (*)	**1,288**	1,630
Provision recognised on cheque cashing financial assets (*)	**(43)**	–
Impairment loss recognised on other financial services financial assets(*)	**635**	270
Provision recognised on other financial services financial assets (*)	**237**	20

(*)As discussed in note 3, due to the portfolio approach adopted for recognising revenue, these amounts are recorded against revenue from the related segment to present net revenues as shown in notes 5 and 6.

Although the Group has written off, or provided for some of the financial assets in the current and previous periods, the Group continues to seek recovery of these assets. For further analysis on the movements in allowances, and amounts written off, see note 26.

8. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2011 £'000	2010 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**38**	38
Fees payable to the Company's auditor for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	**39**	38
Total audit fees	**77**	76
- Tax services	**10**	14
- Other services	**2**	2
Total non-audit fees	**12**	16

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

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

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

3 (2010 - 3) non-executive directors receive payments for services rendered to the H&T Group plc group. Their emoluments are included in the analysis below.

Directors' emoluments	2011 £'000	2010 £'000
Aggregate emoluments	**1,621**	1,555
Company pension contributions to money purchase schemes	**54**	36
	1,675	1,591

All executive directors during the year (2010 - all) participated in Harvey & Thompson Limited's money purchase pension scheme. In addition, £252,000 (2010 - £160,000) 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. None (2010: none) of the directors exercised options over shares in the Company in the year.

	2011 £'000	2010 £'000
Highest paid director		
Aggregate emoluments	**713**	702
Company pension contributions to money purchase scheme	**23**	14

In addition, £95,000 (2010 - £71,000) 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.

	2011 £'000	2010 £'000
Average number of persons employed (including directors)		
Branches	**867**	788
Administration	**92**	86
	959	874

	2011 £'000	2010 £'000
Staff costs during the year (including directors)		
Wages and salaries	**19,130**	17,988
Share option compensation expense (note 28)	**340**	149
Social security costs	**1,899**	1,946
Other pension costs	**235**	158
	21,604	20,241

All directors and employees are remunerated through a subsidiary group company, Harvey & Thompson Limited in both the current and preceding financial year.

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For the year ended 31 December 2011 continued

10. Investment revenues

	2011 £'000	2010 £'000
Interest revenue:		
Bank deposits	**1**	1

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

	2011 £'000	2010 £'000
Loans and receivables (including cash and bank balances)	**1**	1

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

11. Finance costs

	2011 £'000	2010 £'000
Interest on bank loans	**1,705**	2,069
Other interest	**3**	–
Total interest expense	**1,708**	2,069
Write off of loan issue costs	**–**	537
	1,708	2,606

12. Tax charge on profit

a) Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax		
United Kingdom corporation tax charge at 26.5% (2010 – 28%) based on the profit for the year	**6,258**	7,804
Adjustments in respect of prior years	**(274)**	262
Total current tax	**5,984**	8,066
Deferred tax		
Timing differences, origination and reversal	**(87)**	354
Effects of change in tax rate	**62**	–
Adjustments in respect of prior years	**(627)**	(104)
Total deferred tax (note 24)	**(652)**	250
Tax charge on profit	**5,332**	8,316

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 26.5% (2010 – 28%). The differences are explained below:

	2011 £'000	2010 £'000
Profit before taxation	**23,466**	25,503
Tax charge on profit at standard rate	**6,218**	7,141
Effects of:		
Disallowed expenses and non-taxable income	**(151)**	861
Non-qualifying depreciation	**104**	156
Effect of change in tax rate	**62**	–
Adjustments to tax charge in respect of previous periods	**(901)**	158
Total actual amount of tax charge	**5,332**	8,316

In addition to the amount charged to the income statement, £204,000 (2010: £31,000) relating to tax has been recognised in other comprehensive income. This is relating to the deferred tax on share options taken directly to equity.

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 2011			Year ended 31 December 2010		
	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	**18,134**	**35,475,781**	**51.12**	17,187	35,240,321	48.77
Effect of dilutive securities						
Options and conditional shares	**–**	**2,001,577**	**(2.73)**	–	928,658	(1.25)
Earnings per share diluted	**18,134**	**37,477,358**	**48.39**	17,187	36,168,979	47.52

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For the year ended 31 December 2011 continued

14. Dividends

	2011 £'000	2010 £'000
Amounts recognised as distributions to equity holders in the period: Final dividend for the year ended 31 December 2010 of 6.00 pence (2009 – 5.6p) per share	**2,120**	1,985
Interim dividend for the year ended 31 December 2011 of 3.75 pence (2010 – 3.5p) per share	**1,348**	1,242
	3,468	3,227
Amounts proposed and not recognised: Proposed final dividend for the year ended 31 December 2011 of 7.00p (2010 – 6.00p) per share.	**2,527**	2,138

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 2011	14,133	2,692	16,825
Recognised on acquisition of trade and assets	–	48	48
At 31 December 2011	14,133	2,740	16,873

There are no recognised impairment losses at either 1 January 2010, 1 January 2011 or 31 December 2011 and accordingly, the carrying amount of goodwill is the purchase cost.

Goodwill acquired in a business combination is allocated as follows:

	2011 £'000	2010 £'000
Harvey & Thompson Limited	**14,133**	14,133
Stores acquired in 2005	**213**	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**	–
	16,873	16,825

The Harvey & Thompson Ltd CGU 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, adjusted for the recoverable amount of CGU's acquired after September 2004. 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 historic performance of an individual store is linked to its acquisition date. This approach is reflected in the way management has presented the above CGUs.

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.

16. Other intangible assets

	Software £'000	Customer relationships £'000	Total £'000
Cost			
At 1 January 2010	1,558	1,034	2,592
Additions	115	61	176
At 1 January 2011	1,673	1,095	2,768
Additions	2	80	82
At 31 December 2011	1,675	1,175	2,850
Amortisation			
At 1 January 2010	1,119	427	1,546
Charge for the year	89	155	244
At 1 January 2011	1,208	582	1,790
Charge for the year	67	146	213
At 31 December 2011	1,275	728	2,003
Carrying amount			
At 31 December 2011	400	447	847
At 31 December 2010	465	513	978

The customer relationships intangible assets arise from the acquisition of trade and assets of sole partnerships or limited companies with no audited accounts 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.

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For the year ended 31 December 2011 continued

17. Property, plant and equipment

	Short leasehold premises £'000	Long leasehold premises £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation					
At 1 January 2010	13,463	206	3,189	3,841	20,699
Additions	3,113	18	161	402	3,694
Disposals	(310)	–	(33)	(139)	(482)
At 1 January 2011	16,266	224	3,317	4,104	23,911
Additions	4,254	10	355	374	4,993
Disposals	(556)	(4)	(35)	(69)	(664)
Reclassification	562	–	1	(563)	–
At 31 December 2011	20,526	230	3,638	3,846	28,240
Accumulated depreciation and impairment					
At 1 January 2010	6,500	161	2,187	2,237	11,085
Charge for the year	1,722	17	318	293	2,350
Disposals	(166)	–	(15)	(94)	(275)
At 1 January 2011	8,056	178	2,490	2,436	13,160
Charge for the year	1,894	18	362	283	2,557
Disposals	(463)	(4)	(31)	(49)	(547)
Reclassification	437	–	1	(438)	–
At 31 December 2011	9,924	192	2,822	2,232	15,170
Carrying amount					
At 31 December 2011	10,602	38	816	1,614	13,070
At 31 December 2010	8,210	46	827	1,668	10,751

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

18. Subsidiaries

A list of the significant 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

	2011 £'000	2010 £'000
Retail and scrap stock	**29,439**	24,100

Of the retail and scrap stock approximately 99% 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.

20. Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	**49,647**	42,614
Other debtors	**170**	393
Pledge accrued income	**6,564**	5,987
Prepayments and other accrued income	**2,158**	1,165
	58,539	50,159

Trade and other receivables are disclosed net of allowances for bad and doubtful debts.

Cash and cash equivalents

	2011 £'000	2010 £'000
Cash and cash equivalents	**4,695**	4,029

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.

21. Trade and other payables

	2011 £'000	2010 £'000
Trade creditors	**1,386**	2,053
Other taxation and social security costs	**570**	453
Accruals and deferred income	**6,758**	6,117
	8,714	8,623

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 29 days (2010 – 29 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.

	2011 £'000	2010 £'000
Corporation tax	**3,631**	4,361

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22. Borrowings

	2011 £'000	2010 £'000
Secured borrowing at amortised cost		
Bank loans	**34,000**	31,000
Unamortised issue costs	**–**	–
Total borrowings	**34,000**	31,000

The Group currently has a four year loan agreement with Barclays. The key terms of this facility are:

Key term	Description
Total facility size	£50m
Termination date	29 July 2013
Utilisation	The aggregate of loans outstanding is not to exceed 92.5% of the pledge book plus 80% of the market value of retail gold stocks. The percentage of the pledge book security must, as at 31 December 2011, be at least 75% of the loan outstanding.
Margin	The facility has an interest calculation of LIBOR plus a margin of between 2.00% and 3.00%, dependent on ratios as stipulated in the Credit Agreement.
Interest payable	Interest due on the loans is payable at each interest period end. As at 31 December 2011, the interest period was 1 month. Interest amounts outstanding at the year end are included in accruals
Fixed repayments	There are no scheduled capital repayments prior to termination date.

Deferred debt issue costs
There were no deferred debt issue costs to write off in the period (2010: £0.5m).

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

Undrawn borrowing facilities
At 31 December 2011, the Company had available £16,000,000 (2010: £17,146,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Derivative financial instruments
The Company has in place an interest rate swap agreement that hedges the one month LIBOR element of the interest cost on a notional value of £34,000,000 (2010: £34,000,000) to 2.63% (2010: 2.63%) and expires on 31 August 2012. The fair value of this instrument at 31 December 2011 was a liability of £418,000 (2010: £972,000).

23. Derivative financial instruments

	2011 £'000	2010 £'000
Financial assets carried at fair value through profit or loss ("FVTPL")		
Interest rate swaps – liability	**418**	972

The change in fair value of the interest rate swaps is recorded in the Consolidated Statement of Comprehensive Income, being a gain of £553,000 in the year to 31 December 2011 (2010: loss of £533,000).

Further details of derivative financial instruments are provided in note 26.

24. Deferred tax

The following are the major deferred tax liabilities and (assets) recognised by the Group and movements thereon during the current and prior year.

	Fixed assets differences £'000	Hold over capital gain £'000	Short term timing differences £'000	Share based payment £'000	Derivative financial instruments £'000	Total £'000
At 1 January 2010	74	241	(474)	(218)	(123)	(500)
Prior year adjustment	104	–	–	–	–	104
Charge/(credit) to income	602	–	(293)	(14)	(149)	146
Credit to equity	–	–	–	(31)	–	(31)
At 1 January 2011	**780**	**241**	**(767)**	**(263)**	**(272)**	**(281)**
Prior year adjustment	(627)	–	–	–	–	(627)
(Credit)/charge to income	(9)	(70)	4	(117)	167	(25)
Credit to equity	–	–	–	(204)	–	(204)
As 31 December 2011	**144**	**171**	**(763)**	**(584)**	**(105)**	**(1,137)**

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.

The Finance Act 2011 provided for a reduction in the main rate of corporation tax to 25% effective from 1 April 2012. As this rate was substantively enacted at the balance sheet date, deferred tax assets and liabilities have therefore been calculated using 25% as this is the rate at which deferred tax is expected to unwind in the future.

The government has indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 23% by 1 April 2014. However, as further reductions were not yet substantively enacted at the balance sheet date, these rate changes have not been reflected in these financial statements in accordance with FRS 21 as these are non-adjusting events occurring after the reporting period.

25. Provisions

	Dilapidation provision £'000
At 1 January 2011	486
Additional provision	185
Provision utilised in the year	(4)
Provision released in the year to the Consolidated Statement of Comprehensive Income	(113)
At 31 December 2011	554

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

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For the year ended 31 December 2011 continued

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 2011	Fair value through profit and 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	–	52,865	–	52,865	58,170
Cheque cashing trade receivables	–	2,280	–	2,280	2,280
Other financial services trade receivables	–	1,026	–	1,026	1,026
Other assets	–	210	–	210	210
Cash and cash equivalents	–	4,695	–	4,695	4,695
Financial liabilities					
Trade and other payables	–	–	(4,955)	(4,955)	(4,955)
Borrowings due after one year	–	–	(34,000)	(34,000)	(34,000)
Interest rate derivatives	(418)	–	–	(418)	(418)
Net financial (liabilities)/assets	(418)	61,076	(38,955)	21,703	27,008

At 31 December 2010	Fair value through profit and 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	–	45,025	–	45,025	53,093
Cheque cashing trade receivables	–	2,465	–	2,465	2,465
Other financial services trade receivables	–	979	–	979	979
Other assets	–	525	–	525	525
Cash and cash equivalents	–	4,029	–	4,029	4,029
Financial liabilities					
Trade and other payables	–	–	(5,173)	(5,173)	(5,173)
Borrowings due after one year	–	–	(31,000)	(31,000)	(31,000)
Interest rate derivatives	(972)	–	–	(972)	(972)
Net financial (liabilities)/assets	(972)	53,023	(36,173)	15,878	23,946

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; 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 derivative instruments, the fair value has been calculated by discounting the future estimated cash flows based on the applicable yield curve derived from quoted interest rates.

26. Financial instruments (continued)

Fair value (continued)

(v) 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 interest rate derivative is determined by reference to a valuation model where the inputs are derived from publically available sources. This valuation therefore falls within level 2 of the fair value hierarchy in IAS39. 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.

Credit risk

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 collateral (the pledge) in entering a pawnbroking contract. The collateral 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 collateral, 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 estimate that the current fair value of the collateral is £80,348,000 (2010: £71,794,000), which compares with the total book value of the pledge book plus associated accrued interest of £53,822,000 (2010: £45,025,000).

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.

Given the current price of gold, a fall in redemption ratios is forecast to result in higher scrap profits more than offsetting the lost interest received. A 2% decrease/increase in the Group's redemption ratio is estimated to impact the pre-tax profit by £104,000/(£104,000). This does not account for lost repeat business however, and as such the Group sees more value in retaining a high redemption ratio.

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;
(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;
- An internal audit department monitors compliance with policies at the Group's stores.

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

26. Financial instruments (continued)

Credit risk (continued)

Pawnbroking trade receivables (continued)

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 2010	303
Net Consolidated Statement of Comprehensive Income charge	395
Written off	(216)
Balance at 31 December 2010	482
Net Consolidated Statement of Comprehensive Income charge	223
Written off	(356)
Balance at 31 December 2011	349

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

	2011 £'000	2010 £'000
0 - 90 days	**7,552**	7,930
Over 90 days	**2,642**	2,201
Total	**10,194**	10,131

The Group has not provided for the £10,194,000 (2010 - £10,131,000) 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 collaterals 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 come and redeem their pledged items, for an additional fee.

The maximum exposure to credit risk would be £53,822,000 (2010 - £45,025,000), 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 Pay Day Advance and KwikLoan, 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)

Cheque cashing and other financial services receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Cheque cashing £'000	Other financial services £'000	Total £'000
Balance at 1 January 2010	703	220	923
Net Consolidated Statement of Comprehensive Income charge	1,630	310	1,939
Written off	(1,630)	(290)	(1,919)
Balance at 31 December 2010	703	240	943
Net Consolidated Statement of Comprehensive Income charge	1,245	872	2,117
Written off	(1,288)	(635)	(1,923)
Balance at 31 December 2011	660	477	1,137

The Group has no overdue receivables at the reporting date (2010: none). 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	**2011 £'000**	2010 £'000
Barclays Bank plc	Aa3	**2,171**	1,630
The Royal Bank of Scotland plc	A2	**494**	656
Cash at stores	–	**2,030**	1,743
		4,695	4,029

Derivative financial instruments

The credit risk on derivative financial instruments is limited because of the high credit-ratings assigned by international credit-rating agencies to the Group's bankers.

The Group has no exposure to credit risk at the balance sheet date on the derivative financial instruments as the fair value positions are payable.

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

26. Financial instruments (continued)

Market risk

Pawnbroking trade receivables

The collateral which protects the Group from credit risk on non-redemption of pawn loans is 99% (2010 -99%) comprised of gold, jewellery items and watches. The value of these items 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. 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 margin made on 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 or by entering gold hedging instruments. Management monitors the gold price on a constant basis. Based on the price of gold on 31 January 2012, the Group estimates that a 33% fall in the price of gold would be required for the pledge collateral to no longer support the value of the pawn loans and associated accrued interest. The directors are of the opinion that a decrease of this magnitude is highly unlikely.

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 stock, 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.

Liquidity risk

Borrowings & Derivatives

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 22, which shows that the Group has arrangements in place to ensure sufficient funding is in place until 2013 under the current agreements. At 31 December 2011, the Group also has available £16,000,000 (2010: £17,146,000) 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 22, the Group is able to draw increased debt toward the £50m total facility size dependent on the pledge balance. 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.

26. Financial instruments (continued)

Liquidity risk (continued)

Borrowings & Derivatives (continued)

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

Payments due by period	Less than 30 days £'000	30 to 60 days £'000	60 days to 180 days £'000	180 days to 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	Total £'000
At 31 December 2011								
Floating rate borrowings	77	69	281	421	34,501	–	–	35,349
Trade and other payables	1,386	3,569	–	–	–	–	–	4,955
Non-derivative total	1,463	3,638	281	421	34,501	–	–	40,304
Derivatives	52	60	237	126	–	–	–	475
Total	1,515	3,698	518	547	34,501	–	–	40,779

Payments due by period	Less than 30 days £'000	30 to 60 days £'000	60 days to 180 days £'000	180 days to 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	Total £'000
At 31 December 2010								
Floating rate borrowings	66	68	284	488	1,208	31,874	–	33,988
Trade and other payables	2,053	3,120	–	–	–	–	–	5,173
Non-derivative total	2,119	3,188	284	488	1,208	31,874	–	39,161
Derivatives	57	55	206	262	166	–	–	746
Total	2,176	3,243	490	750	1,374	31,874	–	39,907

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.

The Group mitigates exposure to this interest rate risk through the use of a financial derivative instrument that fixes the 1 month LIBOR element of the interest cost of a portion of the bank loans to 2.63%. This swap was transacted with Barclays Bank plc on 19 August 2009 and terminates on 31 August 2012. The swap has a notional value of £34,000,000, and hence as at 31 December 2011, the Group was unexposed to 1 month LIBOR movements as this notional amount matched the borrowing figure at the year end. The fair value of the instrument at 31 December 2011 is a liability of £418,000 (see note 23).

Interest Rate Derivatives

As required by IAS 39, the Group measures the interest rate swaps at fair value at each balance sheet date. The Group does not apply hedge accounting. Accordingly, while the Group mitigates cash flow interest rate risk arising on the borrowings class through these instruments, the Group is exposed to fair value risk on the revaluation of the instrument. The sensitivity analyses below have been determined based on the exposure to interest rates for both the borrowings class and the interest rate derivatives class, as these are intrinsically linked. For floating rate liabilities (the borrowings class), 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.

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

26. Financial instruments (continued)

Interest rate risk (continued)

Interest rate derivatives (continued)

	1.0% decrease interest rates £'000	1.0% increase interest rates £'000
At 31 December 2011		
Finance costs: gain/(loss)	**51**	**(115)**
Movement in fair value of interest rate swap (loss)/gain	**(105)**	**200**
Total pre tax impact on profit from (loss)/gain	**(54)**	**85**
Post tax impact on equity (loss)/gain	**(40)**	**63**
At 31 December 2010		
Finance costs: (loss)/gain	(26)	30
Movement in fair value of interest rate swap (loss)/gain	(364)	421
Total pre tax impact on profit from (loss)/gain	(390)	451
Post tax impact on equity (loss)/gain	(281)	324

The impact of a change in interest rate has no material impact on finance costs due to the interest rate swap which covers the loan balance. The principal movements reflect the movement in fair value of the interest rate swap. Management intends to retain the interest rate swaps to maturity and replace them with similar instruments, as required under the loan agreements. Accordingly, the positive or adverse movements on the fair value of the hedging instrument will offset over the life of the instrument, though this may be in different financial reporting periods.

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

	2011 £'000	2010 £'000
Issued and fully paid		
36,093,885 (2010 – 35,631,827) ordinary shares of £0.05 each	**1,805**	1,782

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

In 2011 462,058 new ordinary £0.05 shares were issued, called up and fully paid. Of these new ordinary shares, 16,976 were issued to satisfy options granted in 2006 exercised at a grant price of £1.825 per share, resulting in an increase in share capital of £849 and in the share premium account of £30,132. A further 29,895 were issued to satisfy options granted in 2007 exercised at a grant price of £2.175 per share, resulting in an increase in share capital of £1,494 and in the share premium account of £63,527. A further 181,735 shares were issued to satisfy options granted in 2008 exercised at a grant price of £1.755 per share, resulting in an increase in share capital of £9,087 and in the share premium account of £309,858. The remaining 233,452 were issued as part of the 2011 LTIP grant as noted below, resulting in an increase in share capital of £11,673 with no change in the share premium account.

In 2010 241,663 new ordinary £0.05 shares were issued, called up and fully paid. Of these new ordinary shares, 111,712 were issued to satisfy options granted in 2006 exercised at a grant price of £1.825 per share, resulting in an increase in share capital of £5,586 and in the share premium account of £198,289. The remaining 129,951 shares were issued to satisfy options granted in 2007 exercised at a grant price of £2.175 per share, resulting in an increase in share capital of £6,498 and in the share premium account of £276,146.

Options over shares of the Company are disclosed in note 28. Under these share option arrangements, there are 1,673,612 (2010 – 1,667,642) open options over shares.

Employee Benefit Trust shares reserve

Under the terms of the LTIP for directors, the parent company issued 233,452 ordinary shares of £0.05p to the Employee Benefit Trust, with consideration paid for through the issuance of a loan to the Trust from the Group. 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 22, 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	2011 £'000	2010 £'000
Debt	**34,000**	31,000
Cash and cash equivalents	**(4,695)**	(4,029)
Net debt	**29,305**	26,971
Equity	**77,283**	61,753
Net debt to equity ratio	**38%**	44%

Debt is defined as long and short-term borrowings, as detailed in note 22, 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.

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For the year ended 31 December 2011 continued

28. Share based payments

As at 31 December 2011, the Company operated three share award schemes. The charge for the year in respect of all schemes was:

	2011 £'000	2010 £'000
A. Approved Share Option Scheme	**38**	21
B. Unapproved Share Option Scheme	**97**	–
C. Long-term Incentive Plan	**205**	128
	340	149

Awards that can be granted under the three schemes total a maximum of 3,609,389 shares (2010 – 3,563,183 shares).

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 and 2008 have already been met. The performance conditions applicable to grants in subsequent years are as follows:

- Options granted in 2009 may become exercisable if the growth in adjusted basic Earnings Per Share (EPS) of H&T Group plc reaches 3% above the General Index of Retail Prices. Also required is continued employment within the Group over a three year period from date of grant.
- Options granted in 2010 and 2011 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	31,236	7/09/2009	6/09/2016
ASOS 2007	May 2007	217.5	33,648	16/05/2010	15/05/2017
ASOS 2008	May 2008	175.5	63,987	15/05/2011	14/05/2018
ASOS 2009	April 2009	194.0	188,753	30/04/2012	29/04/2019
ASOS 2010	April 2010	245.5	166,823	19/04/2013	18/04/2020
ASOS 2011	April 2011	298.5	203,494	18/04/2014	17/04/2021

An external valuation firm has calculated the fair value of the options granted during the year in accordance with International Financial Reporting Standard ("IFRS") 2. A Black-Scholes model was used to value the ASOS awards as they do not contain any market based performance condition. The fair value calculated and assumptions used are as follows:

	2011	2010
Fair value at measurement date	**69.3 pence**	51.1 pence
Weighted average share price	**298.5 pence**	245.5 pence
Weighted average exercise price	**298.5 pence**	245.5 pence
Expected volatility	**27.0%**	26.0%
Expected life	**6.5 years**	6.5 years
Risk-free rate	**2.9%**	3.1%
Expected dividends	**2.9%**	3.3%

The expected volatility was determined by calculating the historical volatility of the share price of the H&T Group plc shares as an estimate of future volatility. The expected life used in the model for both years has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The average remaining contractual life is 7.8 years.

28. Share based payments (continued)

A. Approved Share Option Scheme ('ASOS') (continued)

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

	2011 Number of share options	2011 Weighted average exercise price (in pence)	2010 Number of share options	2010 Weighted average exercise price (in pence)
Outstanding at beginning of period	**711,075**	**205.6**	629,436	190.8
Granted during the period	**225,533**	**298.5**	217,436	245.5
Forfeited during the period	**(93,566)**	**239.2**	(31,789)	198.8
Exercised during the period	**(155,101)**	**184.4**	(104,008)	200.6
Outstanding at the end of the period	**687,941**	**236.3**	711,075	205.6
Exercisable at the end of the period	**128,871**	**188.2**	114,337	202.4

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.

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

- In 2008 and 2009 that an option may not be exercisable, subject to the discretion of the Remuneration Committee, unless the growth over 3 years in Earnings Per Share (EPS) of H&T Group plc reaches on average at least 8%. This applies to 25% of the options granted.
- In 2008 and 2009 that an option may not be exercisable, subject to the discretion of the Remuneration Committee, unless the growth over 3 years in Earnings Per Share (EPS) of H&T Group plc reaches on average at least 10%. This applies to 25% of the options granted.
- In 2008 and 2009 that an option may not be exercisable unless the Total Shareholder Return (TSR) over 3 years exceeds the FTSE AIM 100 performance. This applies to 50% of the options granted.
- In 2010 and 2011 that an option may not be exercisable unless the Total Shareholder Return (TSR) over 3 years exceeds the FTSE AIM 100 performance. This applies to 100% of the options granted.

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	126,027	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	219,758	30/04/2012	29/04/2019
USOS 2010	April 2010	245.5	322,085	19/04/2013	18/04/2020
USOS 2011	April 2011	298.5	58,734	18/04/2014	17/04/2021

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For the year ended 31 December 2011 continued

28. Share based payments (continued)

B. Unapproved Share Option Scheme ('USOS') (continued)

An external valuation firm has undertaken fair value calculations of the options granted during the year using a Stochastic model, with the results and key assumptions as follows:

	2011	2010
Fair value at measurement date	**59.2 pence**	41.1 pence
Weighted average share price	**298.5 pence**	245.5 pence
Weighted average exercise price	**298.5 pence**	245.5 pence
Expected volatility	**32.0%**	29.0%
Expected life	**6.5 years**	6.5 years
Risk-free rate	**2.9%**	3.1%
Expected dividends	**2.9%**	3.3%

The expected volatility was determined by calculating the historical volatility of the share price of the H&T Group plc shares as an estimate of future volatility. The expected life used in the model for both years has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The average remaining contractual life is 7.1 years.

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

	Number of share options	**2011 Weighted average exercise price (in pence)**	Number of share options	2010 Weighted average exercise price (in pence)
Outstanding at beginning of period	**956,567**	**209.2**	844,946	191.3
Granted during the period	**60,526**	**298.5**	327,683	245.5
Forfeited during the period	**(1,792)**	**298.5**	(78,407)	181.3
Exercised during the period	**(29,630)**	**175.5**	(137,655)	201.9
Outstanding at the end of the period	**985,671**	**215.5**	956,567	209.2
Exercisable at the end of the period	**385,091**	**190.1**	187,396	199.0

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.

The performance conditions applicable to the awards granted in 2008 and 2009 have already been met. These were based upon both Total Shareholder Return (TSR) and Earnings Per Share (EPS) criteria.

The performance condition applicable to the 2011 grant is as follows:

- That the award may not be exercisable unless the TSR of H&T Group plc over the performance period exceeds the TSR of the FTSE AIM 100 index.
- This is measured over three separate performance periods. One third of the award vests if the condition is met in the 2011 calendar year. A further third vests if the condition is met in the 2012 calendar year and the final third vests if the condition is satisfied in the 2013 calendar year.

28. Share based payments (continued)

C. Long-term Incentive Plan ('LTIP') (continued)

The conditional shares outstanding at the year end were as follows:

	Grant date	Number of shares	Earliest date of exercise
LTIP 2008	November 2008	174,219	07/11/2011
LTIP 2009	May 2009	80,428	01/05/2012
LTIP 2011	Mar 2011	233,452	01/04/2014

The conditional shares granted during the year were valued by an external valuation firm using a Stochastic model. While no further grants were made in 2010, the fair value result and key assumptions used in 2011 are as follows:

		2011	2010
Fair value at measurement date	2011 performance period	**137.0 pence**	–
	2012 performance period	**177.7 pence**	
	2013 performance period	**177.4 pence**	–
Weighted average share price		**302.5 pence**	–
Weighted average exercise price		**0 pence**	–
Expected volatility		**33.0%**	–
Expected life		**3.0 years**	–
Risk free rate		**1.3%**	–

The expected volatility was determined by calculating the historical volatility of the share price of the H&T Group plc as an indicator of the future volatility. Correlation between the Group and the comparator index was not included within the modelling of fair value calculations since the observed correlation was not significant and would therefore have negligible impact on the final fair value.

The average remaining contractual life is 2.3 years for those awards where performance conditions have not yet been satisfied.

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

	Number of conditional shares	**2011 Weighted average exercise price (in pence)**	Number of conditional shares	2010 Weighted average exercise price (in pence)
Outstanding at beginning of period	**254,647**	**–**	254,647	–
Granted during the period	**233,452**	**–**	–	–
Forfeited during the period	**–**	**–**	–	–
Outstanding at the end of the period	**488,099**	**–**	254,647	–

Notes to the consolidated financial statements

For the year ended 31 December 2011 continued

29. Operating lease arrangements

The group as lessee

	2011 £'000	2010 £'000
Minimum lease payments under operating leases recognised as an expense in the year	**6,073**	5,568

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	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Within one year	**6,736**	5,531	**79**	59
In the second to fifth years inclusive	**14,840**	12,135	**160**	60
After five years	**9,993**	8,871		–
	31,569	26,537	**239**	119

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.

30. Notes to the cash flow statement

	2011 £'000	2010 £'000
Profit for the financial year	**18,134**	17,187
Adjustments for:		
Investment revenues	**(1)**	(1)
Finance costs	**1,708**	2,606
Movement in fair value of interest rate swap	**(553)**	533
Movement in provisions	**68**	318
Tax expense – Consolidated Statement of Comprehensive Income	**5,332**	8,316
Depreciation of property, plant and equipment	**2,557**	2,350
Amortisation of intangible assets	**213**	244
Share-based payment expense	**316**	149
Loss on disposal of fixed assets	**117**	207
Operating cash flows before movements in working capital	**27,891**	31,909
Increase in inventories	**(5,298)**	(1,035)
Increase in receivables	**(8,226)**	(1,411)
(Decrease)/increase in payables	**(349)**	1,838
Cash generated from operations	**14,018**	31,301
Income taxes paid	**(6,714)**	(6,852)
Interest paid	**(1,730)**	(2,033)
Net cash generated from operating activities	**5,574**	22,416

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':

	2011 £'000	2010 £'000
Short-term employee benefits	**2,146**	2,049
Pension contributions	**75**	52
Share-based payments	**269**	169
	2,490	2,270

32. Capital commitments

There is no significant capital expenditure authorised and contracted for but not provided in the accounts (2010 - £nil).

33. Events after the balance sheet date

The directors have proposed a final dividend for the year ended 31 December 2011 of 7.00p (note 14).

Independent auditors' 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 2011 which comprise the Company Balance Sheet, the Company combined reconciliation of movements in shareholders' funds and statement of movement 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).

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 to 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. 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 parent company's affairs as at 31 December 2011 and 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 matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

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 matter

We have reported separately on the group financial statements of H&T Group plc for the year ended 31 December 2011.

Ian J Smith (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
7 March, 2012

Company balance sheet

At 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	C	**475**	159
		475	159
Current assets			
Debtors	D	**41,599**	41,601
Cash at bank and in hand		**42**	27
		41,641	41,628
Creditors: amounts falling due within one year	E	**(6,806)**	(3,595)
Net current assets		**34,835**	38,033
Total assets less current liabilities		**35,310**	38,192
Net assets		**35,310**	38,192
Capital and reserves			
Called up share capital	F	**1,805**	1,782
Share premium account		**24,961**	24,557
Employee Benefit Trust shares reserve		**(25)**	(13)
Share option reserve		**475**	159
Profit and loss account		**8,094**	11,707
Total shareholders' funds		**35,310**	38,192

The financial statements of H&T Group plc, registered number 05188117, were approved by the board of directors and authorised for issue on 7 March, 2012.

Signed on behalf of the Board of Directors by:

J G Nichols
Chief Executive

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

Year ended 31 December 2011

Company	Note	Share capital £'000	Share premium account £'000	Employee benefit trust shares reserve £'000	Share option reserves £'000	Profit and loss account £'000	2011 Total £'000	2010 Total £'000
At 1 January		**1,782**	**24,557**	**(13)**	**159**	**11,707**	**38,192**	40,994
(Loss) for the financial year		**–**	**–**	**–**	**–**	**(145)**	**(145)**	(210)
Dividend paid		**–**	**–**	**–**	**–**	**(3,468)**	**(3,468)**	(3,227)
Issue of share capital	F	**23**	**404**	**–**	**–**	**–**	**427**	486
Employee Benefit Trust shares		**–**	**–**	**(12)**	**–**	**–**	**(12)**	–
Share option credit taken directly to equity		**–**	**–**	**–**	**316**	**–**	**316**	149
At 31 December		**1,805**	**24,961**	**(25)**	**475**	**8,094**	**35,310**	38,192

Notes to the company financial statements

Year ended 31 December 2011

A. Accounting policies

Basis of preparation

The Company financial statements are prepared in accordance with applicable United Kingdom accounting standards. They have all been applied consistently throughout the current and preceding financial year.

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.

Accounting convention

The financial statements are prepared under the historical cost convention.

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 FRS 6 'Acquisitions and mergers', 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.

Related party transactions

The Company has taken advantage of the exemption contained in FRS 8, 'Related Party Disclosures', available to parent Company's presenting single company financial statements together with the consolidated Group financial statements of the Group headed by the Company, not to disclose transactions with entities that are part of the group headed by H&T Group plc or investees of the group qualifying as related parties.

There are no other related party transactions of the Company that require disclosure.

Cash flow statement

The Company is the parent company in the H&T Group plc group, which prepares consolidated financial statements, including a cash flow statement, which are publicly available. Consequently, under the terms of FRS 1, 'Cash Flow Statements', the Company has not prepared a cash flow statement.

Notes to the company financial statements

Year ended 31 December 2011 continued

A. Accounting policies (continued)

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 & Thomson 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

No profit and loss account is presented for the parent company pursuant to section 408 of Companies Act 2006.

The Company made a loss after taxation of £145,000 in 2011 (2010 - £210,000 loss).

The auditors' 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 (2010 - £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 2011	159
Additions	316
At 31 December 2011	475

Within the cost at 1 January 2011 includes cost of shares in subsidiary undertakings of £1.

Additions relates to the share options given to subsidiary employees in 2011.

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
H&T Finance Limited	Great Britain	100%	–	Management of finance
Harvey & Thompson Limited	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.

D. Debtors

	2011 £'000	2010 £'000
Amounts owed by subsidiary companies	**41,565**	41,565
Prepayments and accrued income	**34**	36
	41,599	41,601

E. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed to subsidiary companies	**6,720**	3,508
Accruals and deferred income	**86**	87
	6,806	3,595

F. 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

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
29 Penny Street, BB1 6HQ
Tel: 01254 667 660

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

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

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

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

Bury
Get>Go, 22 Market Street, BL9 0AJ
Tel: 0161 797 1330

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

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

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

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

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

Crawley
11 Broadwalk, Northgate, RH10 1HJ
Tel: 01293 618 270

Croydon East
16 George Street, CR0 1PA
Tel: 020 8680 1470

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 St., E8 2JP
Tel: 020 7254 1788

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

Dartford Lite
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
CPJ, 23 High Street, DN1 1DW
Tel: 01302 812 099

Downham
c/o Jeannies Jewellery,
438 Bromley Road, BR1 4PP
Tel: 020 8697 6212

Dudley
215 Wolverhampton St., DY1 1EF
Tel: 01384 238 577

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

Durham
The Cheque Shop, 69 North Road,
DH1 4SQ
Tel: 0191 374 1813

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 Rd, 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

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 Western
170 Great Western Road, G4 9AE
Tel: 0141 332 3283

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

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

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

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

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

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

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

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

Hull
Unit 30, 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

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

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

Kilmarnock
25 King Street, KA1 1PT
Tel: 01563 527 748

Kingston upon Thames
26 Castle Street, KT1 1SS
Tel: 020 8546 8365

Kirkby
Unit 67, In Shops Shopping Centre,
L32 8US
Tel: 0151 546 6622

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 6EF
Tel: 0151 709 2151

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

Luton
174 The Arndale Centre, LU1 2TL
Tel: 01582 486 711

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

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

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

Newcastle
16 Newgate Shopping Centre, NE1 5RB
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

Orpington
Lewins Jewellers, 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

Peterborough
1 Westgate, PE1 1YQ
Tel: 01733 310 794

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

Portsmouth
Jenours, 186 Kingston Road, PO2 7LP
Tel: 02392 421 742

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

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

Store directory
continued

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

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

Rotherham
CPJ, 81a Wellgate, S60 2NB
Tel: 01709 720 614

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

South Norwood
24 High Street, SE25 6EZ
Tel: 020 8771 8142

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

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 3JR
Tel: 0191 565 0008

Surrey Quays
196 Lower Road, SE16 2UN
Tel: 020 7231 6177

Sutton
246 High Street, SM1 1PA
Tel: 020 8642 2115

Sutton in Ashfield
Unit 44, Idlewells Shopping Centre,
NG17 1BJ
Tel: 01623 559 596

Swindon
46 Bridge Street, SN1 1BL
Tel: 01793 491 731

Tipton
c/o Goldshire Jewellers
51 Great Bridge, DY4 7HF
Tel: 0121 557 1413

Tooting
63 Mitcham Road, SW17 9PB
Tel: 020 8672 5127

Tooting Junction
The Gold Shop, 20-22 London Road,
SW17 9HW
Tel: 020 8640 7575

Tottenham
518 High Road, N17 9SX
Tel: 020 8808 0600

Tuebrook
Get>Go, 549 West Derby Road,
L13 8AD
Tel: 0151 228 9298

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
10a Digbeth Square, WS1 1QU
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
391 Walworth Road, SE17 2AW
Tel: 020 7703 2946

Waterloo
111 Lower Marsh, SE1 7AE
Tel: 020 7928 0382

Watford
114 High Street, WD17 2GW
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 Ctr, B70 7NW
Tel: 0121 553 2728

West Ealing
102 The Broadway, W13 0SY
Tel: 020 8567 2016

Wigan
21 Hope Street, Galleries Shopping Centre,
WN1 1QF
Tel: 01942 237 518

Willesden
70 High Road, NW10 2PU
Tel: 020 8459 3527

Wolverhampton
Cleveland Gold, 10a Cleveland Street,
WV1 3HH
Tel: 1902 425 648

Wood Green
12 Cheapside, N22 6HH
Tel: 020 8889 9484

Woolwich
4 Powis Street, SE18 6LF
Tel: 020 8317 9265

Worksop
90 Bridge Street, S80 1JA
Tel: 01909 480 146

Wythenshawe
Unit 1D, Hale Top, Civic Centre, M22 5RN
Tel: 0161 498 8431

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