The UK's leading pawnbroker

Meeting customers changing needs

H&T Group plc

Annual Report and Accounts 2013

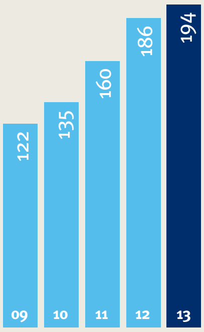
Financial Overview

Gross profit	EBITDA*	Profit before tax	Diluted EPS	Proposed dividend per share	Proposed final dividend
£49.9m	£11.7m	£6.7m	13.40p	4.8p	2.7p
(2012: £62.3m)	(2012: £21.3m)	(2012: £17.0m)	(2012: 35.52p)	(2012: 11.85p)	(2012: 8.05p)

* Earnings Before Interest Tax Depreciation and Amortisation

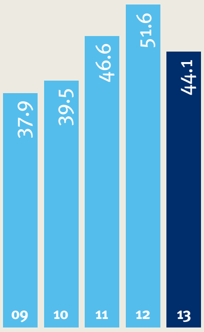
Key Performance Indicators

No. of Pawnbroking stores



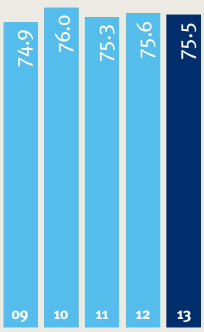
194 stores
in 2013
(2012: 186 stores)

Pledge book (£m)



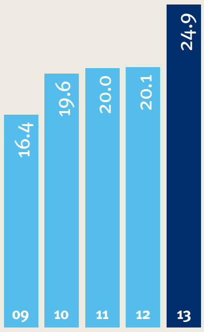
£44.1m
in 2013 (2012: £51.6m)

Redemption of annual lending (%)



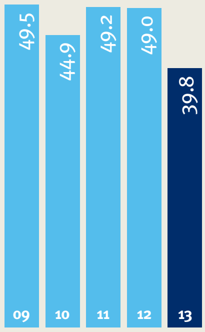
75.5%
in 2013
(2012: 75.3%)*

Retail sales (£m)



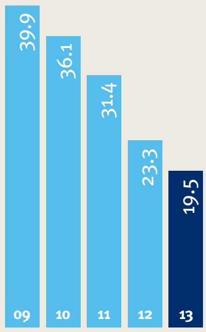
£24.9m
in 2013
(2012: £20.1m)

Retail margin (%)



39.8%
in 2013
(2012: 49.0%)

Gold purchase margin (%)



19.5%
in 2013
(2012: 23.3%)

* This is the actual percentage of lending in each year which was redeemed or renewed, the 2013 figure is an estimate based on recent trend and early performance.

Operational Highlights

- Jewellery retail enhanced through new point of sale, pricing policy and stock replenishment
- Foreign Exchange rolled out to all stores
- Buy Back of high end electronics rolled out to all stores
- In store Pay Day Loans and KwikLoan replaced with a new flexible personal loan

Service Performance

2013 Mystery Shop Results

	Round 1	Round 2	Round 3	Round 4	Round 5	Total
Number of Mystery Shops	190	192	191	193	194	960
Average Score	97.2%	98.4%	93.4%	97.2%	98.0%	96.8%
Stores achieving 100% score	142	144	100	140	142	668

2012 Mystery Shop Results

	Round 1	Round 2	Round 3	Round 4	Round 5	Round 6	Total
Number of Mystery Shops	161	167	173	175	177	180	1,033
Average Score	97.5%	96.1%	97.1%	95.4%	95.5%	95.9%	96.2%
Stores achieving 100% score	99	75	110	91	69	99	543

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.

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.

Expansion in the store estate

8 new stores added during the year, taking our national footprint to 194 stores.

Excellent store standards

High standards in stores in terms of staff, customer service and the store environment.

Innovation

With the introduction of Foreign Currency Exchange to all stores in the year.

STRATEGIC REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

Chairman's Statement

The Group has responded well to a rapidly changing market through effective cash management, cost control and alterations to business mix. The Group remains the leading pawnbroker in the UK and during 2013 served in excess of 180,000 customers with over £100m in pawnbroking loans.

Economic and Market Background

The UK pawnbroking industry has experienced a difficult past twelve months. Reduced volumes of gold in circulation, a 29% year on year fall in the sterling gold price and the heightened competitive environment have all contributed to reduce returns on capital. Regulatory challenges across the wider alternative credit industry have added to financial pressures.

Retail store expansion has therefore all but ceased for many businesses within the industry, with operators seeking instead to conserve capital, strengthen balance sheets, dispose of marginal stores and focus on maximising existing store contributions. Pawnbrokers have re-focussed on generating recurring revenues as opposed to a reliance on gold purchasing and on maximising disposition values via retail operations.

Our Group has responded well by reducing net debt and increasing retail sales significantly to counter falling revenues from scrap disposition. With the largest pledge book in the UK providing a stable source of recurring revenues the Group is well placed to benefit from any potential industry rationalisation or consolidation.

Strategy

Our Group offers immediate access to cash from attractive and convenient high street locations, as well as an on-line offering. We strive to be the UK's pawnbroker of choice, meeting customers' financial needs by offering loans secured against high quality jewellery and watches. By building close relationships and lending responsibly we aim to facilitate high redemption rates and high levels of repeat business.

The retail of quality jewellery attracts customers, informs them of the collateral we seek for pawnbroking and generates good margins on the disposition of forfeited items. We will further strengthen our retail of jewellery. This move is one of a series of steps we will take to reduce the impact of gold price volatility on our business.

Financial Performance

The Group delivered profit before tax of £6.7m in 2013, down from £17.0m in 2012. The 29% decline in the sterling price of gold accounted for the majority of this fall, significantly impacting the Group's revenues from the sale of scrap gold.

The Group has taken a measured approach to cost reductions during 2013 in light of reduced earnings and as a result the cost base in 2013 was lower than 2012 despite a larger footprint. We would expect the costs to be lower again in 2014 as the full year effect of the savings is realised.

The falling gold price has provided an opportunity in retail as our jewellery has become relatively more affordable. The Group has increased focus on this disposition route in H2 13 and I am pleased to report that Q4 2013 like-for-like retail sales were up 56% year on year. Retail will play an increasingly important part in our business model going forward with the increased margins it affords.

The Group experienced a decline of 14.5% in the pledge book to £44.1m as at 31 December 2013 (2012: £51.6m) principally as a result of the competitive environment. Pawnbroking is core to the business and we have responded to this decline by measured expansion in the asset classes we take as security, additional staff training and expert support on quality watches and gemstones together with focussed marketing efforts.

As a board we are strategically reviewing other product developments aimed at helping mitigate the effect of gold price volatility on our business.

During the year, 5 new pawnbroking stores were opened and 3 were acquired resulting in 194 trading units at year end. We anticipate a small number of store closures during the year, reflecting the shifting footfall on the UK's high streets, new opportunities will equally arrive to improve our footprint in favourable economic locations.

The Group's plan to improve its balance sheet strength has progressed well during the year and at 31 December 2013 Group net debt was £20.7m (31 Dec 12: £27.6m). Cash management remains a priority for the Group as we seek to establish an appropriate level of headroom both to de-risk the business and to enable us to take acquisition opportunities as they arise.

Basic earnings per share are 13.44 pence (2012: 35.92 pence).

Regulation

The regulation of consumer credit is moving from the Office of Fair Trading ("OFT") to the Financial Conduct Authority ("FCA") in April 2014. The Group is well prepared for the transition and we welcome the higher standards that this change will bring to our sector.

Dividend

Subject to shareholder approval, a final dividend of 2.7 pence per ordinary share (2012: 8.05 pence) will be paid on 6 June 2014 to shareholders on the register at the close of business on 9 May 2014. The shares will be marked ex-dividend on 7 May 2014. This will bring the full year dividend to 4.8 pence per ordinary share (2012: 11.85 pence).

The reduced dividend reflects the lower earnings in the year and the Group's intention to maintain appropriate earnings cover in light of current trading conditions.

Prospects

Our sector has witnessed two significantly adverse events in 2013; one the falling gold price, the other the regulatory and market issues around pay day lending. As a result all of the larger providers have suffered material reductions in earnings. This pressure on earnings is further compounded by the expansion in high street provision in recent years, an expansion that reached its peak in 2012, which in turn increases competitive pressure. The Board's view is that the current number of stores in the industry is unsustainable and that 2014 will be a year of consolidation and rationalisation; indeed we have already seen a number of store closures and would expect to see more.

In this new market we believe it is critical to maintain the high operating standards we have developed over many years, to drive efficiencies in the business and seek to expand the products and services that have been more recently introduced. We believe that we are well positioned in the sector in terms of financial stability and business model to take advantage of the opportunities as and when they arise.

Key to achieving these aims is the loyalty of our customers; this is achieved through the hard work and support of our staff, whom I thank on behalf of the Board and shareholders.

I would also take this opportunity to thank Alex Maby for his work in the last five years in his role as Finance Director. I am pleased to have Steve Fenerty, formerly our Commercial Director, as his successor.

Peter D McNamara
Chairman

2

3

4

1. Our Nottingham Store
2. Our Sona Loans™ store in Southall
3. The internal retail area of one of our stores
4. Our Blackburn store with sail sign marketing

The business at a glance

As at 31 December 2013, 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 1800's 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.

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 accelerated its development by adding new products and services and expanding the store network by 125 stores to 194 at 31 December 2013.

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.

Jewellery retail

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

Gold purchasing

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

Personal Loans

Personal Loans are a simple and innovative way for customers to obtain an unsecured loan of up to £1,000. They offer complete flexibility on the length of loan and regular repayments, depending on the personal circumstances of each customer. Before issuing a loan we establish the customer's identity, confirm their income and employment and complete an affordability assessment. If approved then the customer enters into a consumer credit loan agreement and we will collect the repayments on the dates agreed with the customer.

Buy Back

Increasingly, a younger generation of customers are seeking the opportunity to raise cash from electronic items such as phones, tablets, laptops and game consoles. To take advantage of this new asset class, H&T has developed its Buy Back offer. Customers can sell their electronic items to H&T for cash and buy the item back within 31 days. H&T restrict the types of item purchased to current models of the most popular items.

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.

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.

Western Union

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

Foreign exchange

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

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 2.0% to 9.99% 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

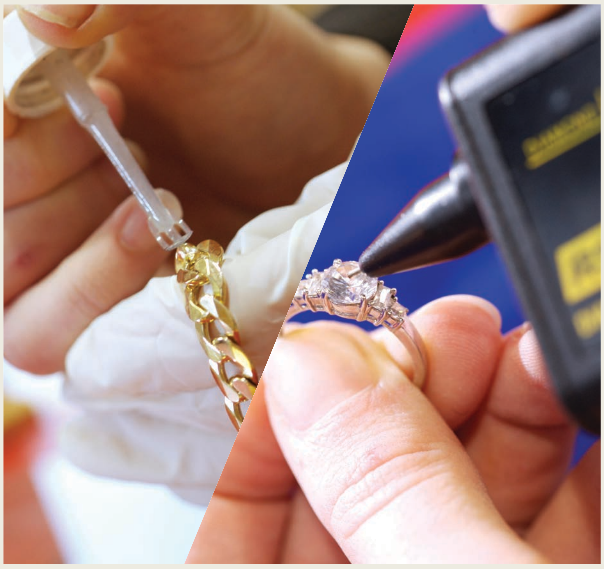
For some, lending money can be a risky business, but not for H&T. The loan is secured on gold, precious stones or watches (over 99% of our pawnbroking business) and that security is left in our possession for the duration of the contract. If the loan forfeits, then the collateral can be easily liquidated,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

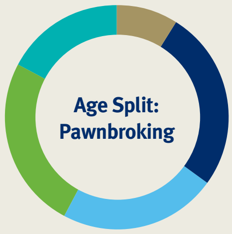
4 The customer details and a full description of the item are entered to the computer system which calculates a range of loan values in accordance with Group policy. A credit agreement is produced and the cash issued to the customer.

Our Customers

Customers are at the heart of H&T's 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.

Female	60%
Male	40%

Female	66%
Male	34%



18-24	9%
25-35	26%
36-44	23%
45-55	25%
Over 56	17%

18-24	14%
25-35	24%
36-44	18%
45-55	21%
Over 56	23%

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. Customers also 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 H&T and the long-established culture of excellent customer service means 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

H&T regularly conducts customer interviews to better understand what is important and to assess customer service standards. From H&T's most recent survey with over 350 customer interviews, over 86% rated their satisfaction 8 or more out of 10.

Customer feedback

The following letter was received by H&T in October 2013.

"Just bought a watch and chain from your Hastings branch. Just some feedback, the staff where very professional, discreet, and a joy to do business with. Thank you."

NM, Hastings

"Nothing is ever too much trouble for the team and I value the advice they give me."

MM, Clydebank

"I was served today by a young lady and gentleman in your shop. The lady was very knowledgeable and made shopping in your store a pleasure. The gentleman was also very helpful and both are an asset to your company. Great customer service!"

DY, Stoke

Our Communities

At the heart of H&T's philosophy is 'Keep It Local'. H&T passionately believes that it has a duty to be involved with the local community.

Whether fund raising for local causes, supporting local business community initiatives or getting involved with local networks, H&T works hard to be part of the local community and have some fun at the same time.

In 2013 H&T staff got involved in a wide variety of charity events up and down the country. From food bank collections, Easter Egg collections, a sponsored walk up Snowden, wrestling matches and jumble sales our staff have raised thousands of pounds for good causes.

- Alice in Wonderland made an appearance at H&T Pawnbrokers in Bolton in April when they held a Mad Hatters Tea Party to raise funds for Derian House Children's Hospice in Chorley.
- In May, Wedding Fever hit H&T in Coventry, when it hosted a wedding-themed Fun Day to raise money for the local Neonatal Unit.
- H&T teamed up with Merseyside Fire Brigade for a charity car wash in July at Liverpool City Centre car park, with donations divided between local children's charity KIND and the Princes Trust.
- Homeless charity Maundy Relief in Accrington received 100 Easter Eggs from H&T in Blackburn, after collecting the eggs from local businesses and through donations from Blackburn customers. The successful Easter egg collection follows an H&T food bank collection in January, where it donated food and cash for sleeping bags and hot water bottles to Maundy Relief.
- H&T in Portsmouth ran a five-mile charity walk around Portsmouth and Southsea to raise funds for the Motor Neurone Disease Association (MNDA) in May 2013, including H&T staff, representatives from MNDA and even mascots Harvey and his Portsmouth sidekick "Pincher the dog".

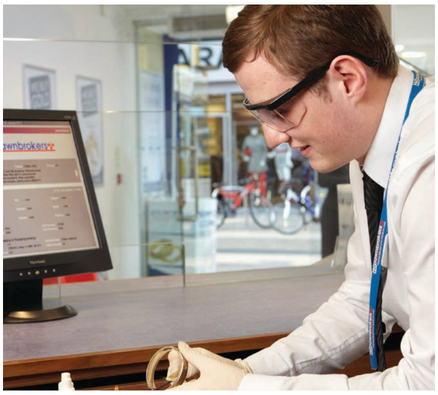
MISSION CHRISTMAS
cash for kids
a helping hand for local children
KEY 103
manchester's no.1 hit music station
magic 1152

Young Bristol
Works for young people

Top Left: Supporting local food banks
Top Right: Some of the charities we have helped
Bottom: John Nichols, staff and friends before the charity walk up Snowdon

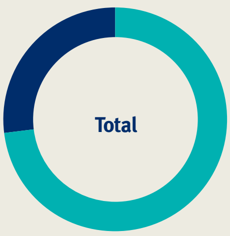
Our People

Our business is all about our people and we strive to develop all our employees within their roles. With just under 1,000 staff, H&T is committed to helping its team realise their potential through continual career development and a blended learning programme.


Female	439
Male	196

Female	285
Male	67



Female	724
Male	263

H&T understands that it is vital it cares for and supports staff, and this in turn has a positive impact on meeting business objectives, helping H&T to achieve its strategic aims, develop new services and offer a great service to customers.

Our Learning and Development Department works closely with H&T staff to ensure they are technically and behaviourally competent to meet all the requirements of their role.

Training & Development

H&T has developed a range of tailored training programmes, including a Management Development Programme and STAR programme, which are designed to develop and strengthen existing and potential store managers. These are tailored to the individual's needs and comprise a combination of coaching and personal development exercises. H&T is extremely proud that these unique courses have been an undoubted success, with several managers winning national awards for their innovation and drive.

H&T continues to design additional workshops and programmes. As the range of products and services offered by H&T expands, H&T needs to ensure that all staff can meet new customer demands and have a wider knowledge base. The courses aim to improve the technical knowledge and behavioural skills base, enabling managers to manage more effectively. Examples of courses include a focus on unsecured lending and buyback products.

H&T also has an E-Learning system with a catalogue of learning modules that can be accessed from work or home by all employees. The system is continuously developed to support our commercial and compliance objectives.

Investors in People (IIP)

H&T's focus on people development has led to external recognition. H&T was assessed for IIP and is a proud owner of the Gold Award. IIP provides a framework for businesses to operate effectively through good people management.

INVESTORS IN PEOPLE | Gold

NPA Awards

H&T is proud to announce that in 2013 two H&T staff collected "Employee of the Year" and "Rising Star" Awards from the National Pawnbroker's Association (NPA), achievements that demonstrate H&T's passion for developing and supporting its people to their full potential.

NPA

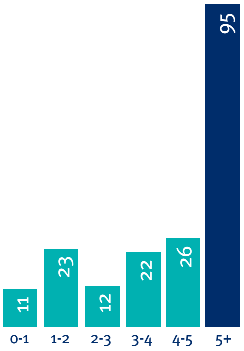
Progression and Recognition

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

50.3%
of managers have over 5 years service

2
industry awards in the year

Managers Tenure
(years of service)



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.

Our "Total Reward" statements, launched in 2011, detail exactly the benefits and value of each employee's remuneration package. This also highlights the value of unsubscribed benefits such as a pension contribution and cycle-to-work scheme, to demonstrate the full benefits package that staff could receive. Feedback of our "Total Reward" statements is 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 application tracking system which ensures 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.

Chief Executive's Review

The Group's trading, market and regulatory environment has become more challenging throughout 2013.

In recent years the growth in high street alternative credit has been fuelled by a combination of rising gold prices and an expansion in pay day loans; business models have evolved to maximise one or other revenue stream. The falling gold price coupled with regulatory pressure on pay day loans has resulted in lower earnings across the market, whilst the increase in store numbers puts pressure both on customer acquisition and balance sheets.

Our Group is of course no exception. The Group has always maintained that gold purchasing is not a core earnings stream and adequate headroom has been maintained between our average lending rates and the scrap value of gold. The Group continues to monitor its lending policy on a regular basis, with consideration of the impact on affordability (and therefore redemption rate), and its loan to value in relation to the current gold price. As a result of the Group's historic policy of maintaining an appropriate loan to value ratio we have not had to make significant changes to lending rates as, in the short term, that can damage consumer confidence.

Profit before tax in the period fell to £6.7m (2012: £17.0m) principally as a result of the lower gold price impacting on pawnbroking scrap revenues and gold purchasing gross profit. As a consequence, our priority in H2 13 has been to improve retail sales as the way to maximise disposition margins, reduce net debt and reduce costs. I am pleased to report good progress with all of these initiatives.

During Q4 2013 our like-for-like retail sales were up 56% on prior year with gross profit up 18% and this momentum has been sustained into early 2014. Costs have been reduced as planned and our net debt, as at 31 December 2013, has reduced to £20.7m from £27.6m at 31 December 2012; net debt has reduced still further since year end to £18.5m as at 31 January 2014. Our total operating costs were £44.2m in 2012, reducing to £42.3m in 2013 despite increasing the store count to 194 at 31 December 2013.

Since 2008 the Group has opened 92 new stores and closed only two. The Group expects that as a result of the lower returns now being delivered from stores there will be a small number of closures in 2014.

REVIEW OF OPERATIONS

Pawn Service Charge

The Group's Pawn Service Charge grew to £28.8m (2012: £28.4m) and now represents 54.3% of Group gross profit (2012: 45.6%).

While it is pleasing to note growth in our Pawn Service Charge in every year since flotation, the Group's key performance indicators are not performing as we would wish. Increased competitive pressure at the Group's older stores and reduced security by way of the lower gold price have contributed to lending remaining flat year on year despite the increased contribution from recent store openings. On a like-for-like basis, lending fell by 6.3% year on year.

The possibility of a further reduction in quantities of gold in circulation remains a concern for the Group and supports our drive to widen the asset base upon which we lend. Of the £104m lent in 2013, the Group lent £7.2m on watches and £14.8m on gem set items. Increasingly, a younger generation of customers are seeking the opportunity to raise cash from electronic items such as phones, tablets, laptops and game consoles. Taking advantage of this 'asset' class the Group now offers a Buy Back service, whereby customers can sell their electronic items to H&T for cash and enter into an agreement to buy the item back within 31 days. This service is now offered in all of H&T's stores. In order to manage risk goods taken are restricted to current models with clear routes of disposition. During the year the Group purchased £0.7m of high-end electronics using Buy Back.

In addition to the Buy Back service, other key initiatives to drive customer numbers in 2013, included:

- Focus on increasing lending on watches and gemset jewellery, up 5.7% on 2012;
- The launch of Sona Loans™, the pawnbroking service specifically for the Asian community, the first of its kind in the UK;
- The launch of foreign exchange in all stores, the service brought 31,730 new customers to H&T in 2013;
- Production of lapsed customer mailers, including a retail discount offering as a means of replenishing customer's assets;
- Engagement with the local community through the Keep it Local campaign where stores are coordinating activity to reinvigorate the local high street and engage with local business groups and charities.

The reduced gold price has placed pressure on loan to value ratios in the year as we seek to maintain adequate security in the loan whilst also being competitive to attract new customers. We have historically managed loan to value well such that even with the reduced gold price our historic loans still have adequate security. We believe this provides a competitive advantage in the short term as other providers must alter lending rates significantly to control their exposure.

Retail

Competitive pressure on lending rates and the reduced gold price have combined to significantly reduce the viability of melting stock as a source of profitable disposition of excess stock. Retail has accordingly seen significant additional focus in H2 13, acting both as a hedge against a falling gold price and as a means of supporting our loan valuations.

I am pleased to report that sales have increased by 24% year on year to £24.9m (2012: £20.1m) with most growth occurring in H2 2013. Continued capital investment into bright and welcoming stores, together with the increased working capital invested in stock levels provide the Group with a solid base from which to further grow retail sales. Other initiatives include a rebranding across a small number of trial stores, improved point of sale materials in store and allowing store managers greater operational flexibility in store. All of the above has led to a dramatic upturn in retail sales as evidenced by our quarterly like-for-like sales performance versus prior year: Q1 13: -20%; Q2 13: -4%, Q3 13: 7%; Q4 13: 56%.

The retail margin fell from 49.0% in 2012 to 39.8% in 2013. This decrease is due to an increased cost of goods resulting from higher lending rates in 2012 and repricing to reflect the lower gold price. Our focus is to use retail to drive additional gross profit and support our lending proposition by providing a profitable disposition route for unredeemed goods. We would not necessarily expect a return to historic margins without adversely impacting volume of sales.

Pawnbroking Scrap

Pawnbroking scrap profits totalled £1.8m (2012: £7.4m). Splitting this into half yearly performances reveals the impact of the gold price fall. In H1 13, profits were £1.9m with a margin of 23%, while in H2 13 losses totalled £0.1m on sales of £6.7m.

At the current gold price and current average lent rate on items forfeited (which is circa 12% higher than the Group's average overall lending rate), the Group is not expecting to make a margin on pawnbroking scrap for at least the next six months until lending rates are re-adjusted. The Group is currently focussing on maximising its pawn service charge subject to managing lending rates to ensure affordability and therefore high rates of redemption. Retail sales, as discussed, will be the key disposition route.

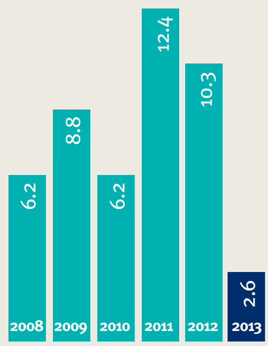
Gold Purchasing

Gold Purchasing profits declined from £12.0m in 2012 to £4.8m in 2013. This decrease is attributable to four key factors:

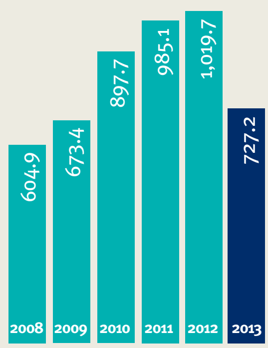
i. A lower gold price year on year. At 31 December 2013 the sterling gold price was £727 per troy ounce (31 Dec 12: £1,020). This 29% fall directly impacts on the gross profits of each transaction. The declining gold price, due to the lag between purchase and sale, has also led to a lower margin than would have been achieved in a stable price environment.

Pawnbroking (includes retail and scrap)	81.2%
Gold purchasing	9.6%
Financial Services	9.2%

New store openings
as a % of the estate at 31 December 2013



End of period sterling gold price
(£ per troy oz)



Chief Executive's Review continued

ii. Closure of Gold Bar operations. The Group's retail mall units contributed £0.7m to gold purchasing profits in 2013 as compared to £3.1m in 2012 as the Group has gradually exited this operation. Closing units throughout the year due to the flexible and short-term basis upon which the operation was founded, the Group now has no retail mall units in operation.

iii. Volume decline. Underlying gold purchasing volumes, or in other words, the weight of gold purchased, have been in decline for the last 2 ½ years. Over the last twelve months, it is estimated that the decline across the Group's store estate was 26%. The Group has always viewed gold purchasing as a short term opportunity rather than a core earnings stream.

iv. Improved retail sales. A greater percentage of gold purchased has been disposed of via the Group's retail operations as opposed to being melted and therefore recorded within gold purchasing revenues. During Q4 2013 the cost of goods sold through the retail channel was up by 118% on prior year.

We believe, that as well as remaining competitive on pricing, the Group's longevity in this market is helping to build brand recognition and trust among our customers.

Cheque Cashing

Cheque Cashing income fell to £3.3m (2012: £3.7m) due to the withdrawal from Pay Day Loans and reduced numbers of third party cheques in circulation.

The largest part of the decline was in Pay Day Loans which is no longer offered in our stores in favour of the more flexible personal loans offering that replaced KwikLoan. The Group expects that Pay Day Loans will continue to face regulatory scrutiny and pressure and notes that the FCA has committed to capping the number of rollovers to two and, after government intervention, a cap on their interest rates. These controls will impact significantly on providers of these services and we believe that this can create further opportunities for the business as we establish our personal loans offering.

Personal Loans

The Group has replaced the KwikLoan product in stores with a new more flexible personal loans offering. The new product enables a customer to choose a loan amount of up to £1,000, subject to affordability, and a repayment term of up to two years. The new product is supported by new in-store applications systems, central underwriting and an enhanced administration and collections system. We plan to launch this offering online during 2014.

The loan book, net of provisions, increased to £2.0m at the year-end (2012: £1.2m).

REGULATION

The regulation of consumer credit is moving from the Office of Fair Trading ("OFT") to the Financial Conduct Authority ("FCA") in April 2014. The FCA has issued consultation documents on the new regime and plans to publish a final Consumer Credit sourcebook in March 2014. The FCA expects that all credit businesses will comply with the core FCA requirements in terms of the principles and management standards from April 2014 but there will be a period of six months to comply fully with the new Consumer Credit sourcebook.

There are a number of specific provisions within the new regime relating to High Cost Short Term Credit, designed to impact Pay Day Loans and we expect further requirements to emerge in due course. The Group has now withdrawn fully from Pay Day Loans. At present the current regulations and legislation relating to pawnbroking have been transferred to the new regime without significant changes. We do not expect the interest rate cap to impact pawnbroking at this point.

The Group has employed a Compliance Manager to supplement and enhance the existing compliance functions within the business and ensure that we manage through this significant change successfully.

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,

56%
increase in retail sales in Quarter 4

25%
reduction in net debt to £20.7m

investment in the existing store estate and maintaining its reputation for fairness and honesty.

The Group believes that the demand for small sum, short term cash loans remains strong and by increasing the range of assets it accepts, by developing an attractive unsecured loan offer and through better marketing it can continue to succeed as the market adjusts in 2014. The successful introduction of new services such as Western Union and FX drives footfall to our stores enabling the Group to communicate its range of services to a wider customer base whilst also providing incremental revenue.

Current trading is in line with management's expectations for 2014 and in particular the growth in retail seen in Q4 2013 has continued into early 2014.

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

John G Nichols
Chief Executive

> "The Group believes that the demand for small sum, short term cash loans remains strong."

Expansion of the Store Estate

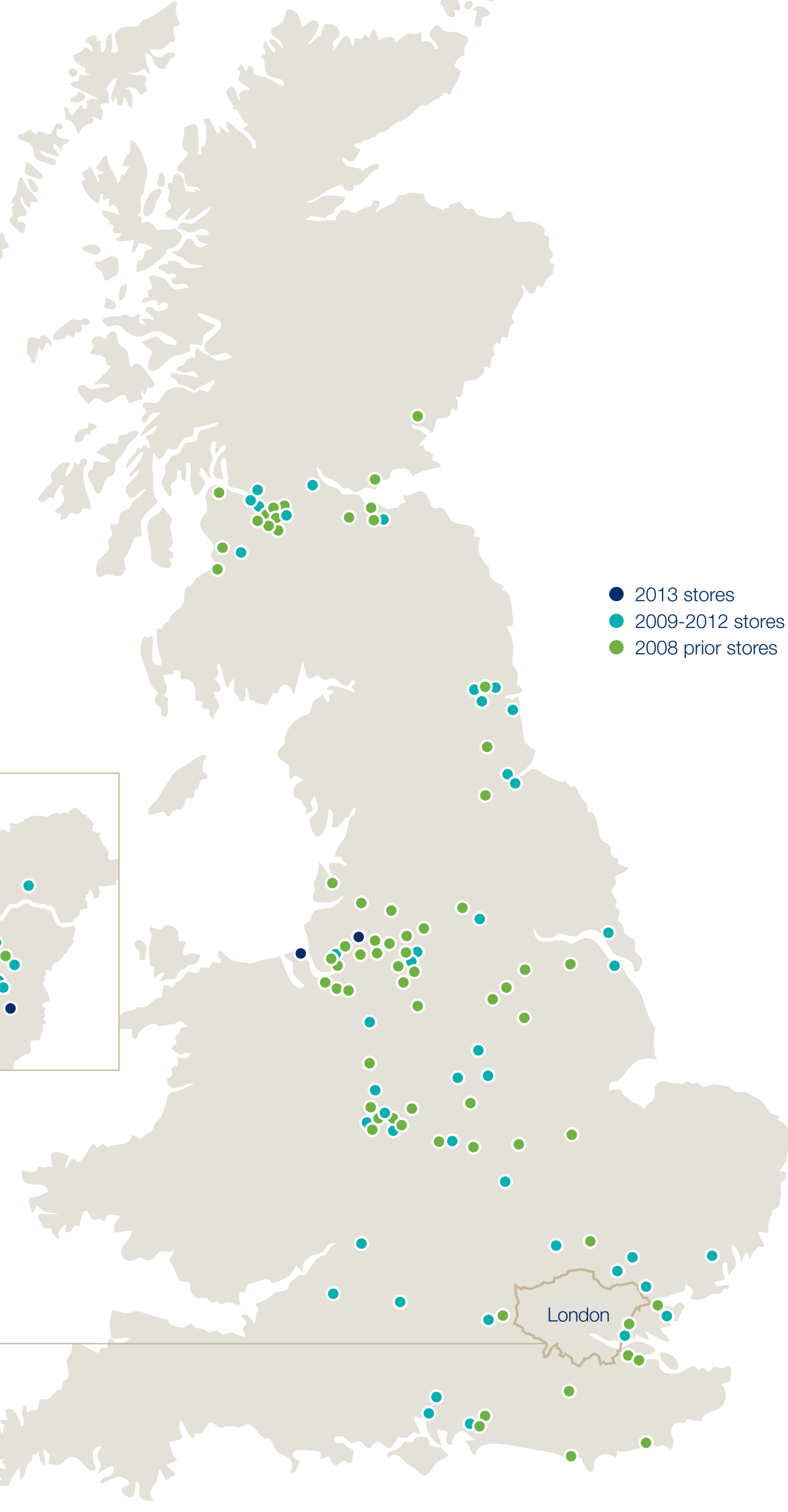
H&T's geographical development follows a clustering model. This is principally due to the need to support new stores with existing operational management and staff to maximise returns.

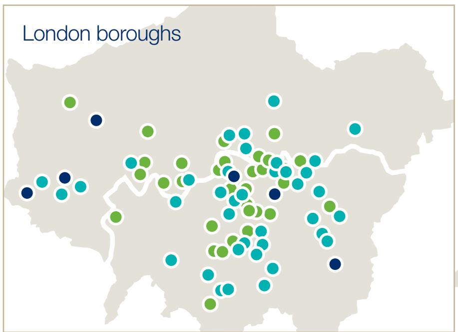
Practically, this means that where we enter a new market there are two main phases of development. The first is the initial acquisition or greenfield store followed by a period of development to provide a stable and successful team. The second phase is the consolidation of that market through the creation of a discrete area containing 8 to 15 stores.

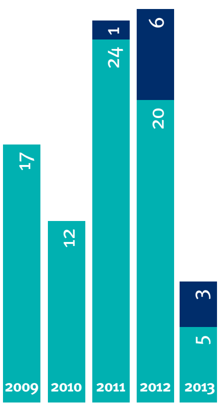
This strategy has been demonstrated with focussed development in Glasgow, the North East and the North West.

The wider market is now experiencing lower returns due to a number of factors which will slow expansion in the short term as operators drive efficiency and a degree of consolidation. This is expected to provide acquisition opportunities for stores and for loan books.

A net 8 stores were added in 2013 (2012: 26) taking the total store estate size to 194 stores.







5 year growth in stores

Finance Director's Review

For the year ended 31 December 2013 we have delivered £6.7m profit before tax, down from £17.0m in 2012 primarily as a result of the reduced gold price and competitive environment.

The Group has taken a measured approach to cost reduction in the year resulting in total direct and administrative expenses being £1.9m lower than 2012 despite having more stores in operation. The reduction is mainly as a result of the closure of the GoldBar gold buying units as we took advantage of the flexible license arrangements and exited the units as they became unprofitable.

The Group had taken the decision to close 7 stores at 31 December 2013 and has provided a total of £729k in respect of the total expected costs of closure.

Finance costs reduced to £842k (2012: £1,532k) as a result of improved terms on the new four year credit agreement signed in January 2013 together with a lower average loan balance through the year.

Cash Flow

The Group generated positive cash flow from operating activities of £15.4m (2012: £11.4m) despite lower earnings mainly due to a £10.2m improvement in working capital movements. The total working capital movement in the year was an inflow of £6.9m compared to an outflow of £3.3m in the prior year, the main component of these movements being the change in the pledge balance.

Balance Sheet

As at 31 December 2013 the Group had net assets of £88.1m (2012: £86.8m) with period end net debt of £20.7m (2012: £27.6m) delivering a reduction in gearing to 23.5% (2012: 31.8%)(see note 27). This reduction was planned in order to de-risk the balance sheet in light of the challenging market conditions.

On 30 January 2013 the Group entered into a new 4 year facility with Lloyds TSB Bank allowing for maximum borrowings of £50m, subject to covenants, at a margin of between 1.25% and 2.25% above LIBOR. At year end £26m was drawn on the facility, the Group was well within the covenants with a net debt to EBITDA ratio of 1.78x and interest to EBITDA ratio of 17.44x.

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

Investments

During the year the Group completed acquisitions comprising 3 stores and 4 pawnbroking loan books for a total consideration of £2.4m. The Group also opened 5 new stores during the year taking the total store estate to 194 units.

Impairment

The reduced gold price has impacted the earnings of the Group and of the stores that have been acquired historically. The Group performs an annual review of the expected earnings of each acquired store and considers whether the associated goodwill and other fixed assets are impaired. As at 31 December 2013 the Group impaired the value of 4 stores which were acquired in 2012 and 2013. The total value of the impairment was £517k.

Share Price and EPS

At 31 December 2013 the share price was 143.5p (2012: 281.0p) and market capitalisation was £52.9m (2012: £102.8m). Basic earnings per share was 13.44p (2012: 35.92p), diluted earnings per share was 13.40p (2012: 35.52p) and diluted net assets per share equated to 243p (2012: 239p).

The Group's market value fell below net asset value during the year as pressure on earnings reduced market confidence. The Group believes that the action taken to drive alternative earning streams, control costs and de-risk the balance sheet will build confidence going forward.

Steve Fenerty
Finance Director

Risks and Uncertainties

The Board formally reviews the material risks and ensures that these are appropriately managed by the executive management team.

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

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

Principal risks and uncertainties

Area	Description of risk	Examples of mitigating activities
Regulatory Compliance	Failure to comply leads to action by the regulator ranging from fines to revocation of credit license	Membership of Trade Associations to ensure the business is aware of current requirements Experienced management team with significant industry experience and knowledge Extensive training and monitoring Use of standard approved documentation High quality software systems to support compliant behaviour Internal Audit and Compliance functions
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 to recover value lent
	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
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

Area	Description of risk	Examples of mitigating activities
Gold purchasing	Increasing competition impacting on volumes purchased and margins achieved	Constant monitoring of competitor's pricing 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

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. Finance costs have reduced as a result of lower interest rates and lower loan balances and at present the Board does not consider it necessary to enter into a hedging arrangement. This position is reviewed by the Board on a regular basis.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables, the most significant of which are the pledge book, the 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 unsecured KwikLoan loan book are mitigated by the continual monitoring of bad debts and a possible modification of lending criteria. The Group performs an external credit check prior to lending. Similar procedures mitigate the risks associated with Cheque Cashing activities.

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

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

	Moody's credit rating
Barclays Bank plc	A2
The Royal Bank of Scotland plc	A3
Lloyds TSB Bank plc	A2

The Group has no significant concentration of credit risk other than on net bank balances of £335,000 (2012: £329,000) with Royal Bank of Scotland plc, £933,000 with Barclays Bank plc (2012: £3,753,000) and £75,000 (2012: £nil) with Lloyds TSB Bank plc.

Risks and Uncertainties continued

Financial risk management objectives and policies (continued)

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 2013, 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 retail value. The Group is however exposed to adverse movements in the price of gold in its gold scrap activities and the value of the pledge collaterals. Should the price of gold drop significantly, the Group can mitigate that risk by changing its lending policy on pawnbroking pledges or by entering hedging instruments. Currently the Group has no gold hedge in place, although this is reviewed by the Board on a regular basis.

Exchange rate risk

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

Strategic Report Approval

The Strategic Report incorporates the Financial Highlights, the Chairman's Statement, the Chief Executive's Report, the Finance Director's Report and the Risks and Uncertainties.

By order of the Board

S Fenerty
Company Secretary
26 February 2014

Directors, Officers and Advisers

Executive Directors

John G Nichols
Chief Executive, 63

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 Gold accreditations.

Stephen A Fenerty
Finance Director, 40

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

Non-Executive Directors

Peter D McNamara
Chairman, 63

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

In 2006 he set up a new ATM business, Notemachine Ltd and is the CEO.

Malcolm L Berryman
59

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

James F Thornton
56

James is currently a Director at Strand Partners, a position he has held since 2009. Previously James held senior positions with Lord Ashcroft KCMG associated companies - Anne Street Partners and Global Health Partner plc. He has more than fifteen years of experience in UK financial services including UK Finance Director at Old Mutual plc and as Head of Foreign Exchange at IFX plc. James is a Fellow of the Institute of Chartered Accountants.

Directors, Officers and Advisers continued

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Legal Advisers to the Company
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London Bridge
London EC4R 9HA

Independent Auditor
Deloitte LLP
Global House
Crawley
West Sussex
RH10 1DL

Bankers
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EC2V 7HN

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E14 5HP

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Public Relations
Pelham
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Holborn Gate
330 High Holborn
London
WC1V 7QD

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 two 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 25. 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 30.

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 February 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
- James F Thornton

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

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

The duties of the Committee are to:

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

The Committee is authorised by the Board to:

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

Audit Committee

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

- James F Thornton (Chairman)
- Malcolm 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.

Corporate Governance continued

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
- James F Thornton

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

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

Internal Control

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

Internal control: financial

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

- Financial Reporting: there is a comprehensive budgeting system with an annual budget approved by the Board. Monthly trading results are reported against the corresponding figures for the budget and previous year. The Board also reviews re-forecasts on a regular basis.
- Capital Expenditure: there is a comprehensive budgeting system for capital expenditure with an annual budget approved by the Board. The Finance Director authorises individual items of capital expenditure and material items are also authorised by the Board or CEO.
- Cash flow: an annual cash flow forecast is drawn up and approved by the Board and actual cash flow is reviewed monthly against this forecast.
- Organisational Structure: a clear organisational structure with defined responsibilities and clear authority levels has been set.
- Store Audits: a 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 15 include a detailed review of the business and future developments. There is a regular dialogue with institutional shareholders including presentations after the Group's preliminary announcement of the year end results and at the half year results.

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Principal activities and review of the business

The main activities of the Group continue to be pawnbroking, gold purchasing, retail of jewellery, cheque cashing, unsecured lending and other related services operated through Harvey & Thompson Limited. The principal activity of the Company is that of a non-trading holding company for Harvey & Thompson Limited and H&T Finance 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 2 to 17.

Dividends

The directors propose a final dividend of 2.7p (2012: 8.05p) per share subject to approval at the Annual General Meeting on 10 April 2014. 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 2012 of 8.05p per share and an interim dividend for the year ended 31 December 2013 of 2.1p per share (2012: 3.80p per share).

Capital structure

Details of the authorised share capital are shown in note 26 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 26, during the period 270,008 new ordinary shares (2012: 462,372) 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 £1,829,313 as at 31 December 2012 to £1,842,813 as at 31 December 2013.

As at 1 February 2014, 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%
Henderson Global Investors	9.6%
Fidelity Management & Research	5.8%
NBIM	4.3%
Baillie Gifford	4.2%
Octopus Investments	4.1%
Directors	3.8%
Pershing, New Jersey (ND)	3.2%
Downing	3.0%
Hof Hoomeman Bankiers	2.6%

Details of employee share schemes are set out in note 27. Under these share schemes, there are currently potentially an additional 1,648,484 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 3,685,626 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 2013 or 31 December 2012.

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

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

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

Directors and their interests

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

Executive

J G Nichols
A M Maby (resigned 29 November 2013)
S A Fenerty

Non-Executive

P D McNamara
M Berryman
J F Thornton

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

Director	Type of Share	At 1 January 2013	Acquired in the year	Disposed of in the year	At 31 December 2013
J G Nichols	Ordinary 5p shares	1,066,050	—	—	1,066,050
S A Fenerty	Ordinary 5p shares	300,000	—	—	300,000
P D McNamara	Ordinary 5p shares	17,351	—	—	17,351
M Berryman	Ordinary 5p shares	2,000	—	—	2,000
J F Thornton	Ordinary 5p shares	—	5,000	—	5,000

Directors' Report continued

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

	At start of year No.	Granted during the year No.	Exercised during year No.	Forfeited during the year No.	At end of year No.	Exercise price pence	Market price on date exercised pence	Date from which exercisable	Expiry date
J G Nichols									
- 2006 Scheme	87,397	—	—	—	87,397	182.5p	—	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	87,628	—	—	—	87,628	194.0p	—	1/5/2012	30/4/2019
- 2010 Scheme	93,686	—	—	—	93,686	245.5p	—	20/4/2013	19/4/2020
	439,394	—	—	—	439,394				
A M Maby									
- 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
	79,624	—	—	(79,624)	—				
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	61,855	—	—	—	61,855	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
	284,614	—	—	—	284,614				

No share options were granted to any director in 2012 and 2013.

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 27):

	At start of year No.	Granted during the year No.	Exercised during year No.	Forfeited during the year No.	At end of year No.	Exercise price pence	Date when conditional grant is achievable
J G Nichols							
- 2011 LTIP	77,174	—	—	—	77,174	—	1/4/2014
- 2012 LTIP	80,778	—	—	—	80,778	—	17/4/2015
- 2013 LTIP	—	82,276	—	—	82,276	—	28/3/2016
	157,952	82,276	—	—	240,228		
A M Maby							
- 2011 LTIP	42,781	—	—	(42,781)	—	—	1/4/2014
- 2012 LTIP	50,750	—	—	(50,750)	—	—	17/4/2015
	93,531	—	—	(93,531)	—		
S A Fenerty							
- 2011 LTIP	33,973	—	—	—	33,973	—	1/4/2014
- 2012 LTIP	40,301	—	—	—	40,301	—	17/4/2015
- 2013 LTIP	—	41,048	—	—	41,048	—	28/3/2016
	74,274	41,048	—	—	115,322		

31 December 2013, the market price of H&T Group plc's shares was 143.5p and the range during the year ended 31 December 2013 was 127p –320p.

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:

	2013 £	2012 £
Emoluments	**726,249**	961,534
Gains on exercise of share options	**—**	67,267
Amounts gained under long term incentive schemes	**—**	719,633
Money purchase pension contributions	**54,566**	55,389
	780,815	1,803,823

Directors' emoluments and compensation

Name of director	Fees/Basic salary £	Benefits in kind £	Annual bonuses £	**2013 Total £**	2012 Total £
Executive					
J G Nichols	240,454	11,973	—	**252,427**	348,903
A M Maby (resigned 29 November 2013)	162,916	9,290	—	**172,206**	250,005
S A Fenerty	142,291	9,850	—	**152,141**	200,608
Non-executive					
P D McNamara	69,525	—	—	**69,525**	69,525
A J Brown	—	—	—	**—**	48,067
M Berryman	41,200	—	—	**41,200**	41,200
J F Thornton	38,750	—	—	**38,750**	3,226
Aggregate emoluments	695,136	31,113	—	**726,249**	961,534

Directors' annual bonus scheme

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

The 2013 bonus structure was as follows:

- Executive directors receive a percentage of salary for achieving on-target performance. For 2013, the target set was achievement of the Group profit before tax budget.
- For each 1% out-performance to the target, an additional payment of 2.0% - 3.0% of salary would also be made. No director can receive a bonus of more than 190% of salary.

The 2013 bonus scheme included a provision to pay a proportion of the bonus in shares to Executive Directors who do not have a shareholding at least equal to one year's salary, until that shareholding has reached the equivalent of one year's salary.

Directors' Report continued

Directors' pension entitlements

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

	2013 £	2012 £
J G Nichols	**24,045**	23,812
A M Maby (resigned 29 November 2013)	**16,292**	17,600
S A Fenerty	**14,229**	13,977
	54,566	55,389

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 27.

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 2013 were equivalent to 30 (2012: 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 £4,000 (2012: £32,651). No political contributions were made during the year (2012: £nil).

Going concern

The Group delivered profit after tax of £4.9m for the year ended 31 December 2013 (2012: £12.9m). The Group has also increased its net assets to £88.1m (2012: £86.8m). The Group's net debt balance decreased by £6.9m during 2013 highlighting the Group's ability to manage its working capital use and generate strong cash flows.

The Board has approved a detailed budget for 2014, which indicates 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 January 2017. As at 31 December 2013, the Group had £24m 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 2014, as well as funding the planned expansion in the store estate. The Board is also confident of meeting all covenant tests during the year.

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

We believe that the current economic climate should have no significant negative impact to our business model. The Group offering is principally through secured lending against pledges. The Group policies on pawn lending remain rigorous and prudent, such that the Group has 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. The Group has no reason to believe that the value will not be maintained in the near future. Further details are provided in note 25.

Based on the above considerations and after reviewing in detail FY 2014 and FY 2015 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 Strategic Report.

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

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
26 February 2014

Directors' Responsibilities Statement

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

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

In preparing the parent company financial statements, the directors are required to:

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

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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

Responsibility statement

We confirm that to the best of our knowledge:

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

By order of the Board

J G Nichols
Chief Executive Officer

S A Fenerty
Finance Director

26 February 2014

Independent auditor's report on the group financial statements to the members of H&T Group plc

We have audited the financial statements of H&T Group Plc for the year ended 31 December 2013 which comprise of the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Changes in Equity and the related notes 1 to 32. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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
- 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.

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

26 February 2014

Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Note	**2013 £'000**	2012 £'000
Revenue	5,6	**99,275**	129,696
Cost of sales		**(49,357)**	(67,413)
Gross profit	6	**49,918**	62,283
Other direct expenses		**(32,912)**	(33,435)
Administrative expenses		**(9,432)**	(10,763)
Operating profit		**7,574**	18,085
Investment revenues	5,10	**1**	2
Finance costs	11	**(842)**	(1,532)
Movement in fair value of interest rate swaps		**—**	418
Profit before taxation	7	**6,733**	16,973
Tax charge on profit	12	**(1,882)**	(4,077)
Profit for the financial year and total comprehensive income		**4,851**	12,896

		2013 Pence	2012 Pence
Earnings per share			
From continuing operations			
Basic	13	**13.44**	35.92
Diluted	13	**13.40**	35.52

All results derive from continuing operations.

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Note	Share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2012		1,805	24,961	(25)	50,542	77,283
Profit for the financial year		—	—	—	12,896	12,896
Total income for the financial year		—	—	—	12,896	12,896
Issue of share capital		25	436	—	—	461
Share option credit taken directly to equity	27	—	—	—	416	416
Deferred tax on share options taken directly to equity	23	—	—	—	(350)	(350)
Dividends paid	14	—	—	—	(3,941)	(3,941)
Employee benefit trust shares	26	—	—	—	—	—
At 1 January 2013		**1,830**	**25,397**	**(25)**	**59,563**	**86,765**
Profit for the financial year		**—**	**—**	**—**	**4,851**	**4,851**
Total income for the financial year		**—**	**—**	**—**	**4,851**	**4,851**
Issue of share capital	26	**13**	**12**	**—**	**—**	**25**
Share option credit taken directly to equity	27	**—**	**—**	**—**	**238**	**238**
Dividends paid	14	**—**	**—**	**—**	**(3,738)**	**(3,738)**
Employee benefit trust shares	26	**—**	**—**	**(13)**	**—**	**(13)**
At 31 December 2013		**1,843**	**25,409**	**(38)**	**60,914**	**88,128**

Consolidated balance sheet

At 31 December 2013

	Note	31 December 2013 £'000	31 December 2012 £'000
Non-current assets			
Goodwill	15	**17,738**	17,681
Other intangible assets	16	**1,400**	1,181
Property, plant and equipment	17	**12,322**	13,679
		31,460	32,541
Current assets			
Inventories	19	**29,748**	26,233
Trade and other receivables	20	**54,122**	64,023
Deferred tax assets	23	**724**	723
Cash and cash equivalents	20	**8,251**	6,371
		92,845	97,350
Total assets		**124,305**	129,891
Current liabilities			
Borrowings	22	**(3,000)**	(34,000)
Trade and other payables	21	**(5,338)**	(6,426)
Current tax liabilities	21	**(1,076)**	(2,182)
		(9,414)	(42,608)
Net current assets		**83,431**	54,742
Non-current liabilities			
Borrowings	22	**(25,605)**	—
Provisions	24	**(1,158)**	(518)
		(26,763)	(518)
Total liabilities		**(36,177)**	(43,126)
Net assets		**88,128**	86,765
Equity			
Share capital	26	**1,843**	1,830
Share premium account		**25,409**	25,397
Employee Benefit Trust shares reserve	26	**(38)**	(25)
Retained earnings		**60,914**	59,563
Total equity		**88,128**	86,765

The financial statements of H&T Group plc, registered number 01588117, were approved by the board of directors and authorised for issue on 26 February 2014.

They were signed on its behalf by:

J G Nichols
Chief Executive

Consolidated cash flow statement

Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash generated from operating activities	29	**15,405**	11,440
Investing activities			
Interest received		**1**	2
Proceeds on disposal of property, plant and equipment		**—**	600
Purchases of property, plant and equipment		**(2,434)**	(4,547)
Purchases of intangible assets		**—**	(2)
Acquisition of trade and assets of businesses		**(2,366)**	(2,337)
Net cash used in investing activities		**(4,799)**	(6,284)
Financing activities			
Dividends paid	14	**(3,738)**	(3,941)
Net decrease in borrowings		**(5,000)**	—
Proceeds on issue of shares	26	**25**	461
Loan to the Employee Benefit Trust for acquisition of own shares		**(13)**	—
Net cash absorbed by financing activities		**(8,726)**	(3,480)
Net increase in cash and cash equivalents		**(1,880)**	1,676
Cash and cash equivalents at beginning of the year		**6,371**	4,695
Cash and cash equivalents at end of the year		**8,251**	6,371

Notes to the consolidated financial statements

For the year ended 31 December 2013

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 22. 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 and revised Standards and Interpretations have been adopted.

Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IAS 27	Separate Financial Statements (2011)
IAS 27	Investments in Associates and Joint Ventures (2011)
IFRS 13	Fair Value Measurement
Amendments to IFRS 7 and IAS 32	Offsetting financial assets and financial liabilities

No amendments to these financial statements have been made as a result of adopting 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 (and in some cases had not yet been adopted by the EU):

IFRS 9	Financial Instruments
IAS 27 (amendments)	Investment Entities
IAS 36 (amendments)	Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 (amendments)	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC Interpretation 21	Levies

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods.

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 Directors Report.

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.

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'.

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

3. Significant accounting policies (continued)

Financial assets (continued)

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.

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'.

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.

3. Significant accounting policies (continued)

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 both rectification costs and repairs and maintenance obligations. Rectification costs are provided for on signing the lease and repairs are provided as it becomes aware of any significant amounts that will be required.

Share capital and share premium account

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

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

Employee Benefit Trust Shares

Under the terms of the Group Long Term Incentive Plan ('LTIP') for the directors, the parent Company issued certain shares to an Employee Benefit Trust, paid for through the issuance of a loan to the Trust from the Group. The award of shares under the LTIP is conditional upon certain vesting criteria, as outlined in note 27. 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.

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

3. Significant accounting policies (continued)

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, with stock sourced from unredeemed pawn loans, newly purchased stock and stock refurbished from the Group's gold purchasing operation. All revenue is recognised at the point 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 on full receipt of sale proceeds;
- 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:

	2013 £	2012 £
Operating profit	**7,574**	18,085
Depreciation and amortisation	**3,604**	3,218
Impairment	**517**	—
EBITDA	**11,695**	21,303

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

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.

3. Significant accounting policies (continued)

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 both rectification costs and repairs and maintenance obligations. Rectification costs are provided for on signing the lease and repairs are provided as it becomes aware of any significant amounts that will be required. The Group does not provide for amounts where the potential exposure cannot be reliably measured and accordingly does not anticipate potential repairs and maintenance on the portfolio of stores. Additionally, the Group maintains the stores to a high standard and completes any necessary repairs and maintenance on a timely basis, addressing any events that require expenditure throughout the lease period as and when required. Such costs are expensed as incurred.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

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

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 2012 or 2013. The sensitivity of the pledge accrual to reasonable changes in the redemption rate is shown in note 25.

Impairment of goodwill and other intangibles

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

There was an impairment loss of £517,000, of which £324,000 related to goodwill, recorded in the current year (none in preceding years). The Impairment loss relates to four acquisitions, two acquisitions were made in 2012 and two in 2013. The principal assumptions applied by management in arriving at the value in use of each cash generating unit are as follows:

1. The Group prepares cash flow forecasts over a five year period for each cash generating unit, as disclosed in note 15. The year one cash flows are derived from the most recent financial budget with average like-for-like assumptions of: 3% decline in retail; pawnbroking loans are constant; and a 30% decline in gold purchasing volumes in the first year. A constant gold price of £760 per troy ounce is assumed. Cash flows in subsequent years reflect management's estimate of decline in 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. Assumptions for years 2 – 5 include no annual growth in the pawn service charge, a 3% annual reduction in retail profits and 2% increase in cost. A terminal value is then calculated for periods thereafter.
2. The Group has discounted the cash flows at a pre-tax, risk adjusted rate of 13.1%.
3. The recoverable amount of four cash generating units was estimated to be less that its carrying amount, the carrying amount of the cash generating units was reduced to recoverable amount. The impairment loss of £517,000 was recognised immediately in Profit and Loss.

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

Fair value of derivatives

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

Trade receivables provisioning

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

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

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

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.

For further details on the provisions and impairment losses, refer to note 25, 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.

Inventories 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:

	2013 £'000	2012 £'000
Sales of goods		
Gold purchasing, retail, pawnbroking scrap,	**65,893**	96,718
Interest/commission earned		
Pawnbroking, cheque cashing and other financial services	**33,382**	32,978
Group revenue	**99,275**	129,696
Investment revenues	**1**	2
Total Group revenue	**99,276**	129,698

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

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

	2013 £'000	2012 £'000
Income		
Interest earned on financial assets not designated at fair value	**28,812**	28,930
Fees earned on financial assets not designated at fair value	**3,767**	5,968

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 2% and 9.99%. The contract is governed by the terms of the Consumer Credit Act 2008 (previously the Consumer Credit Act 2002). If the customer does not redeem the goods by repaying the secured loan before the end of the contract, the Group is required to dispose of the goods either through public auctions if the value of the pledge is over £75 (disposal proceeds being reported in this segment) or, if the value of the pledge is £75 or under, through public auctions or the Retail or Pawnbroking Scrap activities of the Group.

Gold Purchasing:

Jewellery is bought direct from customers through all of the Group's stores. The transaction is simple with the store 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 refurbished items from the Group's gold purchasing operations. The retail offering is complemented with a small amount of new or second hand jewellery purchased from third parties by the Group.

Pawnbroking Scrap:

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

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 £750 and agree a date for repayment of loan and associated interest. This product was substantially withdrawn during 2013 and will cease during 2014.

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

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

6. Business and geographical segments (continued)

Business segments (continued)

Other financial services:

This segment comprises:

- Unsecured personal loans ("KwikLoan") of up to £1000 which are repayable over a period up to 2 years. 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.
- Western Union commission earned on the Group's money transfer service.

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 15.

Segment information about these businesses is presented below:

2013	**Pawn-broking 2013 £'000**	**Gold purchasing 2013 £'000**	**Retail 2013 £'000**	**Pawn-broking scrap 2013 £'000**	**Cheque cashing 2013 £'000**	**Other financial services 2013 £'000**	**Consolidated year ended 2013 £'000**
Revenue							
External sales	28,797	24,487	24,928	16,478	3,307	1,278	99,275
Total revenue	28,797	24,487	24,928	16,478	3,307	1,278	99,275
Segment result – gross profit	28,797	4,784	9,922	1,830	3,307	1,278	49,918

2012	Pawn-broking 2012 £'000	Gold purchasing 2012 £'000	Retail 2012 £'000	Pawn-broking scrap 2012 £'000	Cheque cashing 2012 £'000	Other financial services 2012 £'000	Consolidated year ended 2012 £'000
Revenue							
External sales	28,415	51,774	20,149	24,795	3,746	817	129,696
Total revenue	28,415	51,774	20,149	24,795	3,746	817	129,696
Segment result – gross profit	28,415	12,045	9,881	7,379	3,746	817	62,283

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.

6. Business and geographical segments (continued)

2013	Pawn-broking 2013 £'000	Gold purchasing 2013 £'000	Retail 2013 £'000	Pawn-broking scrap 2013 £'000	Cheque cashing 2013 £'000	Other financial services 2013 £'000	Unallocated assets/ (liabilities) 2013 £'000	Consolidated year ended 2013 £'000
Other information								
Capital additions (*)							3,229	3,229
Depreciation and amortisation (*)							3,797	3,797
Balance sheet								
Assets								
Segment assets	49,824	1,900	26,582	1,266	33	1,953		81,558
Unallocated corporate assets							39,749	39,749
Consolidated total assets								124,305
Liabilities								
Segment liabilities	—	—	(478)	—	(29)	(23)		(530)
Unallocated corporate liabilities							(35,647)	(35,647)
Consolidated total liabilities								(36,177)

2012	Pawn-broking 2012 £'000	Gold purchasing 2012 £'000	Retail 2012 £'000	Pawn-broking scrap 2012 £'000	Cheque cashing 2012 £'000	Other financial services 2012 £'000	Unallocated assets/ (liabilities) 2012 £'000	Consolidated year ended 2012 £'000
Other information								
Capital additions (*)	—	—	—	—	—	—	5,654	5,654
Depreciation and amortisation (*)	—	—	—	—	—	—	3,218	3,218
Balance sheet								
Assets								
Segment assets	58,272	1,472	23,779	981	1,168	1,229		86,901
Unallocated corporate assets							42,990	42,990
Consolidated total assets								129,891
Liabilities								
Segment liabilities	—	—	(459)	—	(50)	(29)		(538)
Unallocated corporate liabilities							(42,588)	(42,588)
Consolidated total liabilities								(43,126)

(*) 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.

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

6. Business and geographical segments (continued)

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 £29,531,000 (2012 - £52,068,000) and from its second largest customer of £5,720,000 (2012 - £11,046,000). These customers are bullion houses involved in the processing of the Group's scrap gold.

7. Profit before taxation

	2013 £'000	2012 £'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment reported within:		
- Other direct expenses	3,101	2,866
- Administrative expenses	84	86
Amortisation of intangible assets (reported within Other direct expenses)	419	266
Impairment	517	—
Loss on disposal of property, plant and equipment	187	89
Cost of inventories recognised as expense	48,360	66,839
Write downs of inventories recognised as an expense	997	575
Staff costs (see note 9)	20,442	22,448
Impairment loss recognised on pawnbroking financial assets (*)	514	291
Provision recognised on pawnbroking financial assets (*)	545	99
Impairment loss recognised on cheque cashing financial assets (*)	488	2,329
Provision (released)/recognised on cheque cashing financial assets (*)	(665)	50
Impairment loss recognised on other financial services financial assets (*)	836	460
Provision recognised/(released) on other financial services financial assets (*)	256	(93)

(*) 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 25.

8. Auditor's remuneration

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

	2013 £'000	2012 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	40	38
Fees payable to the Company's auditor for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	42	44
Total audit fees	82	82
- Tax services	10	10
- Other services	—	—
Total non-audit fees	10	10

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 (2012 - 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	2013 £'000	2012 £'000
Aggregate emoluments	**726**	961
Company pension contributions to money purchase schemes	**55**	55
	781	1,016

All executive directors during the year (2012 - all) participated in Harvey & Thompson Limited's money purchase pension scheme. In addition, £209,000 (2012 - £223,000) 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 (2012: One) of the directors exercised options over shares in the Company in the year.

	2013 £'000	2012 £'000
Highest paid director		
Aggregate emoluments	**252**	349
Company pension contributions to money purchase scheme	**24**	24

In addition, £104,000 (2012 - £97,000) 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.

	2013 No.	2012 No.
Average number of persons employed (including directors)		
Branches	**914**	1,003
Administration	**107**	104
	1,021	1,107

	2013 £'000	2012 £'000
Staff costs during the year (including directors)		
Wages and salaries	**18,317**	19,837
Share option compensation expense (note 27)	**238**	431
Social security costs	**1,634**	1,932
Other pension costs	**253**	248
	20,442	22,448

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

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

10. Investment revenues

	2013 £'000	2012 £'000
Interest revenue:		
Bank deposits	**1**	2

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

	2013 £'000	2012 £'000
Loans and receivables (including cash and bank balances)	**1**	2

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

11. Finance costs

	2013 £'000	2012 £'000
Interest on bank loans	**700**	1,530
Other interest	**2**	2
Amortisation of debt issue costs	**140**	–
Total interest expense	**842**	1,532

12. Tax charge on profit

a) Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Current tax		
United Kingdom corporation tax charge at 23.25% (2012 – 24.5%) based on the profit for the year	**2,055**	4,030
Adjustments in respect of prior years	**(172)**	(17)
Total current tax	**1,883**	4,013
Deferred tax		
Timing differences, origination and reversal	**(143)**	(31)
Effects of change in tax rate	**69**	65
Adjustments in respect of prior years	**73**	30
Total deferred tax (note 23)	**(1)**	64
Tax charge on profit	**1,882**	4,077

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 23.25% (2012 – 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Profit before taxation	**6,733**	16,973
Tax charge on profit at standard rate	**1,565**	4,159
Effects of:		
Disallowed expenses and non-taxable income	**125**	(192)
Non-qualifying depreciation	**89**	32
Effect of change in tax rate	**69**	65
Movement in short term timing differences	**133**	—
Adjustments to tax charge in respect of previous periods	**(99)**	13
Total actual amount of tax charge	**1,882**	4,077

In addition to the amount charged to the income statement and in accordance with IAS 12, the excess of current and deferred tax over and above the relative related cumulative remuneration expense under IFRS 2 has been recognised directly in equity. This amounted to a charge to equity in the current period of £NIL (2012: charge to equity of £350,000).

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 2013			Year ended 31 December 2012		
	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	**4,851**	**36,085,485**	**13.44**	12,896	35,897,434	35.92
Effect of dilutive securities						
Options and conditional shares	**—**	**125,272**	**(0.04)**	—	413,670	(0.40)
Earnings per share diluted	**4,851**	**36,210,757**	**13.40**	12,896	36,311,104	35.52

14. Dividends

	2013 £'000	2012 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2012 of 8.05 pence (2011 – 7.00p) per share	**2,968**	2,552
Interim dividend for the year ended 31 December 2013 of 2.1 pence (2012 – 3.80p) per share	**770**	1,389
	3,738	3,941
Amounts proposed and not recognised:		
Proposed final dividend for the year ended 31 December 2013 of 2.7p (2012 – 8.05p) per share.	**995**	2,945

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.

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

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 2013	14,133	3,548	17,681
Recognised on acquisition of trade and assets	—	381	381
Impairment	—	(324)	(324)
At 31 December 2013	14,133	3,605	17,738

At 31 December 2013, before impairment testing, goodwill of £1,189,000 was allocated to the stores acquired in 2012 and 2013. These CGUs have been impacted by the fall in gold price and increased competition in the year and as a result the Group has recognised an impairment loss of £324,000 against goodwill, £33,000 against other intangible assets and £160,000 against property, plant and equipment.

Goodwill acquired in a business combination is allocated as follows:

	2013 £'000	2012 £'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**	48
Stores acquired in 2012	**710**	808
Stores acquired in 2013	**155**	—
	17,738	17,681

The Group considers that the CGUs have indefinite useful lives as the Group is a significant operator in a well-established business together with the proven and long term demand for the Group's services.

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. 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 2012	1,675	1,175	2,850
Additions	2	598	600
At 1 January 2013	1,677	1,773	3,450
Additions	—	673	673
Disposals	(2)	—	(2)
At 31 December 2013	1,675	2,446	4,121
Amortisation			
At 1 January 2012	1,275	728	2,003
Charge for the year	67	199	266
At 1 January 2013	1,342	927	2,269
Charge for the year	68	351	419
Impairment	—	33	33
At 31 December 2013	1,410	1,311	2,721
Carrying amount			
At 31 December 2013	265	1,135	1,400
At 31 December 2012	335	846	1,181

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.

Notes to the consolidated financial statements

For the year ended 31 December 2013 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 2012	20,526	230	3,638	3,846	28,240
Additions	3,187	88	360	615	4,250
Disposals	(1,691)	(72)	(28)	(147)	(1,938)
At 1 January 2013	22,022	246	3,970	4,314	30,552
Additions	1,768	73	112	222	2,175
Disposals	(492)	(108)	(185)	(70)	(855)
At 31 December 2013	23,298	211	3,897	4,466	31,872
Accumulated depreciation and impairment					
At 1 January 2012	9,924	192	2,822	2,232	15,170
Charge for the year	2,231	14	378	329	2,952
Disposals	(1,030)	(63)	(26)	(130)	(1,249)
At 1 January 2013	11,125	143	3,174	2,431	16,873
Charge for the year	2,456	22	338	369	3,185
Disposals	(366)	(99)	(143)	(60)	(668)
Impairment	160	—	—	—	160
At 31 December 2013	13,375	66	3,369	2,740	19,550
Carrying amount					
At 31 December 2013	9,923	145	528	1,726	12,322
At 31 December 2012	10,897	103	796	1,883	13,679

Capital commitments for tangible and intangible assets are disclosed in note 31.

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

	2013 £'000	2012 £'000
Retail and scrap stock	**29,748**	26,233

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

	2013 £'000	2012 £'000
Trade receivables	**45,118**	53,651
Other debtors	**211**	1,028
Pledge accrued income	**6,750**	7,033
Prepayments and other accrued income	**2,043**	2,311
	54,122	64,023

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

Cash and cash equivalents

	2013 £'000	2012 £'000
Cash and cash equivalents	**8,251**	6,371

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 25.

21. Trade and other payables

	2013 £'000	2012 £'000
Trade creditors	**1,092**	1,868
Other taxation and social security costs	**504**	545
Accruals and deferred income	**3,742**	4,013
	5,338	6,426

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2012 – 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.

	2013 £'000	2012 £'000
Corporation tax	**1,076**	2,182

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

22. Borrowings

	2013 £'000	2012 £'000
Secured borrowing at amortised cost		
Bank loans and overdrafts	**3,000**	34,000
Total borrowings due for settlement within one year	**3,000**	34,000
Long term portion of bank loan	**26,000**	–
Unamortised issue costs	**(395)**	–
Amount due for settlement after more than one year	**25,605**	–

The Group entered into a new four year Credit Agreement with Lloyds TSB Bank plc on 30 January 2013. This facility allowed for maximum borrowings of £50m, with a margin of between 1.25% and 2.25% dependent on leverage ratios.

The key terms of the new facility are:

Key Term	Description
Total Facility Size	£50m
Termination Date	30 January 2017
Utilisation	The facility is available to be drawn down to the full £50m so long as the Company remains compliant with leverage and interest cover ratios as stipulated in the Credit Agreement.
Margin	The facility has an interest calculation of LIBOR plus a margin of between 1.25% and 2.25%, 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 January 2013, the interest period was 1 month. Interest amounts outstanding at the year end are included in accruals.
Fixed Repayments	No capital repayments prior to termination date.

Deferred debt issue costs

On commencement of the loan agreement £535,000 of debt issue costs were capitalised, of these £140,000 have been amortised through the income statement in the current year (2012: £nil).

Security

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

Undrawn borrowing facilities

At 31 December 2013, the Company had available £24,000,000 (2012: £16,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

23. 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 2012	144	171	(763)	(584)	(105)	(1,137)
Prior year adjustment	25	—	5	—	—	30
(Credit)/charge to income	(84)	(14)	106	(79)	105	34
Credit to equity	—	—	—	350	—	350
At 1 January 2013	85	157	(652)	(313)	—	(723)
Prior year adjustment	73	—	—	—	—	73
(Credit)/charge to income	(188)	(15)	(51)	180		(74)
Debit to equity	—	—	—	—	—	—
As 31 December 2013	(30)	142	(703)	(133)	—	(724)

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 2013, which provides for a reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

24. Provisions

	Dilapidation provision £'000
At 1 January 2013	518
Additional provision	640
Provision utilised/released in the year	—
At 31 December 2013	1,158

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

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

25. 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 2013	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	—	49,824	—	49,824	55,811
Cheque cashing trade receivables	—	33	—	33	33
Other financial services trade receivables	—	1,953	—	1,953	1,953
Other assets	—	269	—	269	269
Cash and cash equivalents	—	8,251	—	8,251	8,251
Financial liabilities					
Trade and other payables	—	—	(4,632)	(4,632)	(4,632)
Borrowings due within one year	—	—	(3,000)	(3,000)	(3,000)
Borrowings due after one year	—	—	(25,605)	(25,605)	(25,605)
Net financial (liabilities)/assets	—	60,330	(33,237)	27,093	33,080

At 31 December 2012	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	—	58,272	—	58,272	62,355
Cheque cashing trade receivables	—	1,168	—	1,168	1,168
Other financial services trade receivables	—	1,229	—	1,229	1,229
Other assets	—	1,043	—	1,043	1,043
Cash and cash equivalents	—	6,371	—	6,371	6,371
Financial liabilities					
Trade and other payables	—	—	(4,666)	(4,666)	(4,666)
Borrowings due within one year	—	—	(34,000)	(34,000)	(34,000)
Net financial (liabilities)/assets	—	68,083	(38,666)	29,417	33,500

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

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

25. Financial instruments (continued)

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 equal to the current book value. In 2012 the fair value exceeded the book value due to the higher profits available on sales of pawnbroking scrap resulting in a higher rate of interest recovery.

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 £136,000 / (£136,000). 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.

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 2012	349
Net Consolidated Statement of Comprehensive Income charge	390
Written off	(291)
Balance at 31 December 2012	448
Net Consolidated Statement of Comprehensive Income charge	1,059
Written off	(514)
Balance at 31 December 2013	993

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

25. Financial instruments (continued)

Credit risk (continued)

Pawnbroking trade receivables (continued)

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

	2013 £'000	2012 £'000
0 - 90 days	**7,812**	8,574
Over 90 days	**2,518**	3,225
Total	**10,330**	11,799

The Group has not provided for the £10,330,000 (2012 - £11,799,000) 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 redeem their pledged items, for an additional fee.

The maximum exposure to credit risk would be £49,824,000 (2012 - £58,272,000), 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.

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 2012	660	477	1,137
Net Consolidated Statement of Comprehensive Income charge	2,379	367	2,746
Written off	(2,329)	(460)	(2,789)
Balance at 31 December 2012	710	384	1,094
Net Consolidated Statement of Comprehensive Income charge	(177)	1,092	915
Written off	(488)	(836)	(1,324)
Balance at 31 December 2013	45	640	685

The Group has no overdue receivables at the reporting date (2012: 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.

25. Financial instruments (continued)

Credit risk (continued)

Cash and cash equivalents (continued)

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

	Credit rating	**2013 £'000**	2012 £'000
Barclays Bank plc	A2	**933**	3,753
Lloyds TSB Bank plc	A2	**75**	—
The Royal Bank of Scotland plc	A3	**335**	329
Cash at stores	—	**3,908**	2,289
		5,251	6,371

Market risk

Pawnbroking trade receivables

The collateral which protects the Group from credit risk on non-redemption of pawn loans is 99% (2012 -99%) comprised of gold, jewellery items and watches. The value of gold items held as security is directly linked to the price of gold. The Group is therefore exposed to adverse movements in the price of gold on the value of the security that would be attributable for sale in the event of default by the borrower. The Group considers this risk to be limited for a number of reasons. First of all, the Group applies conservative lending policies in pawnbroking pledges reflected in the blended margin made on retail sales and scrap gold when contracts forfeit. The value of gold for our customers is also much greater than the price of gold since jewellery items contain a retail margin. The Group is also protected due to the short term value of the pawn contract (6 months). In the event of a significant drop in the price of gold, the Group could mitigate this risk by reducing its lending policy on pawnbroking pledges, by increasing the proportion of gold sold through retail sales or by entering gold hedging instruments. Management monitors the gold price on a constant basis. During Q4 2013 the cost of goods sold through the retail channel increased by over 100% as a result of management actions in response to the lower gold price.

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

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 for funding until 2017. At 31 December 2013, the Group also has available £24,000,000 (2012: £16,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. This level of headroom is considered sufficient to finance operations at the current level, and as described in note 22, the Group currently has a £50m facility which is available to draw upon. Furthermore, as shown in note 29, 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.

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

25. Financial instruments (continued)

Liquidity risk (continued)

Borrowings (continued)

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

Payments due by period	**Less than 30 days £'000**	**30 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 2013								
Floating rate borrowings	36	36	144	216	432	432	23,036	24,332
Trade and other payables	1,092	3,540	—	—	—	—	—	4,632
Total	1,128	3,576	144	216	432	432	23,036	28,964

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 2012								
Floating rate borrowings	66	67	280	34,073				34,486
Trade and other payables	1,868	2,798	—	—	—	—	—	4,666
Total	1,934	2,865	280	34,073	—	—	—	39,152

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

Interest rate risk

Borrowings

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

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

	1.0% decrease in interest rates £'000	**1.0% increase in interest rates £'000**
At 31 December 2013		
Finance costs: gain/(loss)	**137**	**(260)**
Total pre tax impact on profit from (loss)/gain	**137**	**(260)**
Post tax impact on equity (loss)/gain	**105**	**(199)**
At 31 December 2012		
Finance costs: gain/(loss)	168	(340)
Total pre tax impact on profit from (loss)/gain	168	(340)
Post tax impact on equity (loss)/gain	128	(258)

25. Financial instruments (continued)

Liquidity risk (continued)

Financial Assets

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

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

26. Share capital

	2013 £'000	2012 £'000
Issued and fully paid		
36,856,264 (2012 – 36,586,256) ordinary shares of £0.05 each	**1,843**	1,830

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

In 2013 270,008 new ordinary £0.05 shares were issued, called up and fully paid. Of these new ordinary shares, 6,193 were issued to satisfy options granted in 2009 exercised at a grant price of £1.94 per share, resulting in an increase in share capital of £310 and in the share premium account of £11,705. The remaining 263,815 were issued as part of the Group LTIP scheme as noted below, resulting in an increase in share capital of £13,191 with no change in the share premium account.

In 2012 492,371 new ordinary £0.05 shares were issued, called up and fully paid. Of these new ordinary shares, 3,689 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 £184 and in the share premium account of £6,548. A further 4,170 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 £209 and in the share premium account of £8,861. A further 16,287 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 £814 and in the share premium account of £27,769. A further 172,281 shares were issued to satisfy options granted in 2009 exercised at a grant price of £1.94 per share, resulting in an increase in share capital of £8,614 and in the share premium account of £325,611. The remaining 295,944 were issued as part of the Group LTIP scheme as noted below, resulting in an increase in share capital of £14,797 with no change in the share premium account.

Options over shares of the Company are disclosed in note 27. Under these share option arrangements, there are 1,648,484 (2012 – 1,664,684) open options over shares.

Employee Benefit Trust shares reserve

Under the terms of the LTIP for directors, the parent company issued 263,815 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 27.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

26. Share capital (continued)

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	**2013 £'000**	2012 £'000
Debt	**29,000**	34,000
Cash and cash equivalents	**(8,251)**	(6,371)
Net debt	**20,749**	27,629
Equity	**88,128**	86,765
Net debt to equity ratio	**23.5%**	32%

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.

27. Share based payments

As at 31 December 2013, the Company operated three share award schemes. The charge for the year in respect of all schemes was:

	2013 £'000	2012 £'000
A. Approved Share Option Scheme	**91**	94
B. Unapproved Share Option Scheme	**13**	63
C. Long-term Incentive Plan	**134**	274
	238	431

Awards that can be granted under the three schemes total a maximum of 3,685,626 shares (2012 – 3,658,626 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, 2008, 2009 and 2010 have already been met. The performance conditions applicable to grants in subsequent years are as follows:

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

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

The options outstanding at the year end were as follows:

	Grant date	Exercise price pence	Number of shares	Earliest date of exercise	Expiry date
ASOS 2006	September 2006	182.5	26,564	7/09/2009	6/09/2016
ASOS 2007	May 2007	217.5	26,940	16/05/2010	15/05/2017
ASOS 2008	May 2008	175.5	41,291	15/05/2011	14/05/2018
ASOS 2009	April 2009	194.0	60,404	30/04/2012	29/04/2019
ASOS 2010	April 2010	245.5	123,702	19/04/2013	18/04/2020
ASOS 2011	April 2011	298.5	144,687	18/04/2014	17/04/2021
ASOS 2012	March 2012	297.0	179,441	29/03/2015	28/03/2022
ASOS 2013	March 2013	292.25	211,535	28/03/2016	27/03/2023

27. Share based payments (continued)

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:

	2013	2012
Fair value at measurement date	**46.20 pence**	49.25 pence
Weighted average share price	**292.25 pence**	297.0 pence
Weighted average exercise price	**292.25 pence**	297.0 pence
Expected volatility	**27.6%**	27%
Expected life	**6.5 years**	6.5 years
Risk-free rate	**1.068%**	1.2%
Expected dividends	**4.1%**	3.7%

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 7.3 years.

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

	Number of share options	**2013 Weighted average exercise price (in pence)**	Number of share options	2012 Weighted average exercise price (in pence)
Outstanding at beginning of period	**732,330**	**261.2**	687,941	236.3
Granted during the period	**254,703**	**292.3**	234,130	297.0
Forfeited during the period	**(166,276)**	**277.6**	(59,253)	266.1
Exercised during the period	**(6,193)**	**194.0**	(130,488)	192.1
Outstanding at the end of the period	**814,564**	**268.1**	732,330	261.2
Exercisable at the end of the period	**278,901**	**215.28**	175,179	191.2

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

- In 2011, 2012 and 2013 that an option may not be exercisable unless the Total Shareholder Return (TSR) over 3 years exceeds the FTSE AIM 100 performance.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

27. Share based payments (continued)

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

The options outstanding at the year end were as follows:

	Grant date	Exercise price pence	Number of shares	Earliest date of 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	152,215	30/04/2012	29/04/2019
USOS 2010	April 2010	245.5	226,740	19/04/2013	18/04/2020
USOS 2011	April 2011	298.5	31,682	18/04/2014	17/04/2021
USOS 2012	March 2012	297.0	11,260	29/03/2015	28/03/2022
USOS 2013	March 2013	292.25	26,929	28/03/2016	27/03/2023

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

	2013	2012
Fair value at measurement date	**46.20 pence**	42.0 pence
Weighted average share price	**292.25 pence**	297.0 pence
Weighted average exercise price	**292.25 pence**	297.0 pence
Expected volatility	**27.6%**	27%
Expected life	**6.5 years**	6.5 years
Risk-free rate	**1.068%**	1.2%
Expected dividends	**4.1%**	3.7%

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 5 years.

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

	Number of share options	**2013 Weighted average exercise price (in pence)**	Number of share options	2012 Weighted average exercise price (in pence)
Outstanding at beginning of period	**932,354**	**218.5**	985,671	215.5
Granted during the period	**36,119**	**292.3**	18,177	297.0
Forfeited during the period	**(134,553)**	**262.0**	(5,555)	230.6
Exercised during the period	**—**	**—**	(65,939)	194.0
Outstanding at the end of the period	**833,920**	**214.7**	932,354	218.5
Exercisable at the end of the period	**764,049**	**207.3**	537,309	191.2

27. Share based payments (continued)

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 condition applicable to the 2011 and 2012 grants are 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.
- For the 2011 grant, 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.
- For the 2012 grant, the performance period is from 1 January 2012 to 31 December 2014.

The performance condition applicable to the 2013 grant is as follows:

- The performance period is from 1 January 2013 to 31 December 2015.
- The award cannot be exercised unless the percentage growth in the Group's Profit Before Tax over the performance period is greater than 22.35% ("the Lower Limit").
- If the percentage growth in the Group's Profit Before Tax over the Performance Period is equal to or greater than 52% ("the Upper Target"), the Award may be exercised as to 100% of the Shares subject to the Award.
- If the growth in the Group's Profit Before Tax is between the Lower Limit and the Upper Target then the Award may only be exercised over such percentage between 0% and 100% of the Shares subject to the Award (rounded down to the nearest whole number of Shares) as relates to the amount by which, on a straight line basis, the Lower Target has been exceeded.

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

	Grant date	Number of shares	Earliest date of exercise
LTIP 2011	Mar 2011	167,848	01/04/2014
LTIP 2012	Apr 2012	190,497	17/04/2015
LTIP 2013	Mar 2013	198,513	28/03/2016

The conditional shares granted during the year were valued by an external valuation firm using a Black-Scholes model. The fair value result and key assumptions used in 2013 valuation are as follows:

	2013	2012
Fair value at measurement date	**292.2 pence**	171.7 pence
Weighted average share price	**292.25 pence**	292.0 pence
Weighted average exercise price	**0 pence**	0 pence
Expected volatility	**29%**	30%
Expected life	**3.0 years**	3.0 years
Risk free rate	**0.8595%**	0.6%

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 1.3 years for those awards where performance conditions have not yet been satisfied.

Notes to the consolidated financial statements

For the year ended 31 December 2013 continued

27. Share based payments (continued)

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

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

	Number of conditional shares	**2013 Weighted average exercise price (in pence)**	Number of conditional shares	2012 Weighted average exercise price (in pence)
Outstanding at beginning of period	**505,658**	**–**	488,099	–
Granted during the period	**263,815**	**–**	272,206	–
Forfeited during the period	**(212,615)**	**–**	–	–
Exercised during the period	**–**	**–**	(254,647)	–
Outstanding at the end of the period	**556,858**	**–**	505,658	–

28. Operating lease arrangements

The Group as lessee

	2013 £'000	2012 £'000
Minimum lease payments under operating leases recognised as an expense in the year	**7,004**	7,027

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**	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Within one year	**6,296**	6,768	**138**	88
In the second to fifth years inclusive	**16,545**	16,850	**154**	114
After five years	**13,564**	14,297	**–**	–
	36,405	37,915	**292**	202

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.

29. Notes to the cash flow statement

	2013 £'000	2012 £'000
Profit for the financial year	**4,851**	12,896
Adjustments for:		
Investment revenues	**(1)**	(2)
Finance costs	**842**	1,532
Movement in fair value of interest rate swap	**—**	(418)
Movement in provisions	**640**	(36)
Tax expense – Consolidated Statement of Comprehensive Income	**1,882**	4,077
Depreciation of property, plant and equipment	**3,185**	2,952
Amortisation of intangible assets	**419**	266
Impairment	**517**	—
Share-based payment expense	**238**	416
Loss on disposal of fixed assets	**187**	89
Operating cash flows before movements in working capital	**12,760**	21,772
Decrease/(increase) in inventories	**(3,359)**	3,206
Decrease/(increase) in receivables	**10,970**	(4,628)
Decrease in payables	**(731)**	(1,914)
Cash generated from operations	**19,640**	18,436
Income taxes paid	**(3,009)**	(5,462)
Debt restructuring cost	**(535)**	—
Interest paid	**(691)**	(1,534)
Net cash generated from operating activities	**15,405**	11,440

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.

30. 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':

	2013 £'000	2012 £'000
Short-term employee benefits	**968**	1,301
Pension contributions	**71**	77
Share-based payments	**123**	291
	1,162	1,669

31. Capital commitments

There is no significant capital expenditure authorised and contracted for but not provided in the accounts (2012 - £nil).

32. Events after the balance sheet date

The directors have proposed a final dividend for the year ended 31 December 2013 of 2.7p (note 14).

Independent auditor's report to the members of H&T Group plc

We have audited the company financial statements of H&T Group plc for the year ended 31 December 2013 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 express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 December 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

We have reported separately on the group financial statements of H&T Group plc for the year ended 31 December 2013.

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

26 February, 2014

Company balance sheet

At 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	C	**1,129**	891
		1,129	891
Current assets			
Debtors	D	**61,589**	41,589
Cash at bank and in hand		**46**	44
		61,635	41,633
Creditors: amounts falling due within one year	E	**(14,366)**	(10,476)
Net current assets		**47,269**	31,157
Total assets less current liabilities		**48,398**	32,048
Net assets		**48,398**	32,048
Capital and reserves			
Called up share capital	F	**1,843**	1,830
Share premium account		**25,409**	25,397
Employee Benefit Trust shares reserve		**(38)**	(25)
Share option reserve		**1,129**	891
Profit and loss account		**20,055**	3,955
Total shareholders' funds		**48,398**	32,048

The financial statements of H&T Group plc, registered number 05188117, were approved by the board of directors and authorised for issue on 26 February, 2014.

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 2013

2013 Company	**Note**	**Share capital £'000**	**Share premium account £'000**	**Employee Benefit Trust shares reserve £'000**	**Share option reserves £'000**	**Profit and loss account £'000**	**2013 Total £'000**
At 1 January		**1,830**	**25,397**	**(25)**	**891**	**3,955**	**32,048**
Profit for the financial year						**19,838**	**19,838**
Dividend paid						**(3,738)**	**(3,738)**
Issue of share capital	F	**13**	**12**				**25**
Employee Benefit Trust shares				**(13)**			**(13)**
Share option credit taken directly to equity					**238**		**238**
At 31 December		**1,843**	**25,409**	**(38)**	**1,129**	**20,055**	**48,398**

2012 Company	Note	Share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Share option reserves £'000	Profit and loss account £'000	2012 Total £'000
At 1 January		1,805	24,961	(25)	475	8,094	35,310
(Loss) for the financial year		—	—	—	—	(198)	(198)
Dividend paid		—	—	—	—	(3,941)	(3,941)
Issue of share capital	F	25	436	—	—	—	461
Employee Benefit Trust shares		—	—	—	—	—	—
Share option credit taken directly to equity		—	—	—	416	—	416
At 31 December		1,830	25,397	(25)	891	3,955	32,048

Notes to the company financial statements

Year ended 31 December 2013

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 2013

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 & Thompson Limited calculated on the basis described above. This amount is credited to the profit and loss account each period and is treated in a similar manner to a distribution of dividends from Group companies.

B. Company profit and loss account

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

The Company made a profit after taxation of £ 19,838,000 in 2013 (2012 - £198,000 loss). The key movement, year on year, relates to dividend income of £20,000,000 received from H&T Finance Ltd.

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 (2012 - £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 2013	891
Additions	238
At 31 December 2013	1,129

Within the cost at 1 January 2013 includes cost of shares in subsidiary undertakings of £1.

Additions relates to the share options given to subsidiary employees in 2013.

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

	2013 £'000	2012 £'000
Amounts owed by subsidiary companies	**61,565**	41,565
Prepayments and accrued income	**24**	24
	61,589	41,589

E. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to subsidiary companies	**14,212**	10,388
Accruals and deferred income	**154**	88
	14,366	10,476

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 26), and dividends paid and proposed (notes 14 and 32).

Store directory

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bury
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

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

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

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

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

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

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

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

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

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

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

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

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

Crewe
c/o Crewe Jewellers, 21 Victoria Street, CW1 2HF
Tel: 01270 254 888

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

Croydon West
12 London Road, CR0 2TA
Tel: 020 8680 4738

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

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

Dalston
52 Kingsland High St., E8 2JP
Tel: 020 7254 1788

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

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

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

Deptford
60 Deptford High Street, SE8 4RT
Tel: 020 8469 4204

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

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

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

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

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

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

Durham
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

Forest Gate
29 Woodgrange Road, E7 8BA
Tel: 020 8555 5120

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

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

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

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

Gloucester
Unit 8, Grosvenor House, Station Road, GL1 1SZ
Tel: 01452 309 042

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

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

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

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

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

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

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

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

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

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

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

Harlow
111 The Stow, CM20 3AS
Tel: 01279 635 565

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

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

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

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

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

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

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

Hull
37 Prospect Centre, HU2 8PP
Tel: 01482 228 946

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

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

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

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

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

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

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

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

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

Knightswood
746 Anniesland Road, Glasgow, G14 0YU
Tel: 0141 959 3694

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

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

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

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

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

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

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

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

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

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

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

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

New Addington
14 Central Parade, CR0 0JB
Tel: 01689 847 388

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

Newcastle
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

Oldham
Unit 34, Town Square Shopping Centre, Town Centre, OL1 1HD
Tel: 0161 627 5904

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

Orpington
Unit 35, The Walnuts Shopping Centre, High Street, BR6 0TW
Tel: 01689 874 306

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

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

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

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

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

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

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

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

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

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

Store directory
continued

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

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

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

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

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

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

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

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

Shepherds Bush
220 Uxbridge Road, W12 7JD
Tel: 020 8811 2665

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

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

Smethwick
Unit 16, West Cross Shopping Centre, B66 1JG
Tel: 0121 555 7277

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

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

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

Southall
Sona Loans, 10 King Street, UB2 4DA
Tel: 020 8843 9027

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

Southend-on-Sea
95 Southchurch Road, SS1 2NL
Tel: 01702 469 977

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

St. Helens
4 Ormskirk Street, WA10 1BH
Tel: 01744 610 331

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

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

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

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

Stoke Newington
123 Stoke Newington High Street, N16 0PH
Tel: 020 7923 9233

Stoke on Trent
49-51 Stafford Street, ST1 1SA
Tel: 01782 268 144

Stratford
Unit 27, The Mall, Stratford Centre, E15 1XD
Tel: 020 8519 7770

Streatham
254 Streatham High Rd, SW16 1HT
Tel: 020 8677 4508

Stretford
Unit 44, Ground Floor Brody Street Mall, Streford
Mall Shopping Centre, M32 9BB
Tel: 0161 865 4930

Sunderland
26 Blandford Street, SR1 3JH
Tel: 0191 565 0008

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

Sutton
232 High Street, SM1 1NT
Tel: 020 8643 9994

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

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

Sydenham
37 Sydenham Road, SE26 5EX
Tel: 020 8778 4964

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

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

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

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

Uxbridge
Unit 11 Chequers Square, The Mall, UB8 1LN
Tel: 01895 230 503

Wallasey
Kiosk B/C, The Cherry Tree, CH44 5XU
Tel: 0151 638 7744

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
389 Walworth Road, SE17 2AW
Tel: 020 7703 2946

Walworth
241 Walworth Road, SE17 1RL
Tel: 020 7277 4809

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

Watford
114 High Street, WD17 2GW
Tel: 01923 247 740

Welling
3 Bellegrove Road, DA16 3PA
Tel: 020 8303 3645

Welwyn Garden City
Unit 35a The Howard Centre,
Howards Gate, AL8 6HA
Tel: 01707 326 171

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
10a Cleveland Street, WV1 3HH
Tel: 01902 425 648

Wolverhampton
15-16 Queen Street, WV1 3JW
Tel: 01902 424 908

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

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

Worcester Park
148 Central Road, KT4 8HH
Tel: 020 8337 7307

Worksop
27-29 Bridge Street, S80 1DA
Tel: 01909 488 584

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

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