Serving customers' different needs

The UK's leading pawnbroker

H&T Group plc

Annual Report and Accounts 2014

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.

Pawnbroking

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

Retail

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

Personal Loans

Loans from £50 to £1,000 over any term of up to two years.

Gold Purchasing

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

Cheque Cashing

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

Buyback

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

Foreign Exchange

Highly competitive rates and with no commission charges.

FINANCIAL OVERVIEW

GROSS PROFIT
£45.7m (2013: £49.9m)

EBITDA
£9.8m (2013: £11.7m)

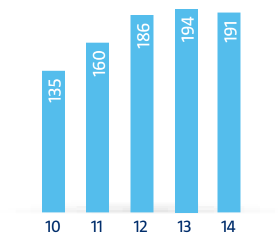
PROFIT BEFORE TAX
£5.5m (2013: £6.7m)

DILUTED EPS
11.78p (2013: 13.40p)

PROPOSED DIVIDEND PER SHARE
4.8p (2013: 4.8p)

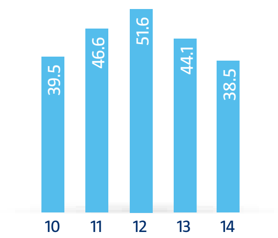
PROPOSED FINAL DIVIDEND
2.7p (2013: 2.7p)

KEY PERFORMANCE INDICATORS



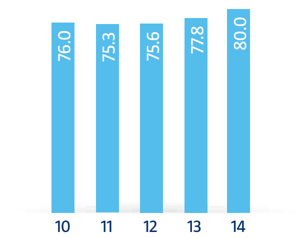
NO. OF STORES

191 stores (2013: 194 stores)



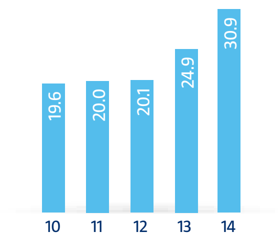
PLEDGE BOOK (£m)

Down 12.7% to **£38.5m** (2013: £44.1m)



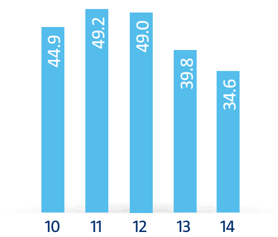
REDEMPTION OF ANNUAL LENDING (%)

80.0% (2013: 77.8%)*



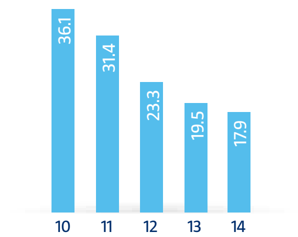
RETAIL SALES (£m)

£30.9m (2013: £24.9m)



RETAIL MARGIN (%)

34.6% (2013: 39.8%)



GOLD PURCHASE MARGIN (%)

17.9% (2013: 19.5%)

* This is the actual percentage of lending in each year which was redeemed or renewed, the 2014 figure is an estimate based on recent trend and early performance.

OPERATIONAL HIGHLIGHTS

Retail sales growth of 24.1% has been enhanced through brand redevelopment, point of sale, pricing policy and stock replenishment

Implementation of the "Expert Eye" system to support store valuation of specialist items

Continued development of our Personal Loans product

Launch of the online Personal Loans product

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.

STRATEGIC REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

CHAIRMAN'S STATEMENT

H&T Pawnbrokers has, unlike many in the sector, both survived and generated strong cash flows against a backdrop of a low gold price, significant changes in consumer behaviour and a far tighter regulatory regime. The challenge now is to implement strategies to reflect this different environment.

INTRODUCTION

The Group has traded well against a challenging backdrop. The significant cash flows have enabled reduced borrowings and steps have been taken to achieve a lower cost base. We are beginning to implement new strategies. We need to become more relevant to our customers through serving them from better locations and through effective use of new media.

FINANCIAL PERFORMANCE

The Group delivered profit after tax of £4.3m (2013: £4.9m) and diluted earnings per share of 11.78 pence (2013: 13.40 pence). Subject to shareholder approval a final dividend of 2.7 pence per ordinary share (2013: 2.7 pence) will be paid on 5 June 2015 to those shareholders on the register at the close of business on 8 May 2015. This will bring the full year dividend to 4.8 pence per ordinary share (2013: 4.8 pence).

The Group's plan to improve its balance sheet strength has been successful with a net debt reduction of 53.1% to £9.7m (31 December 2013: £20.7m). This reduction has lowered the risk in the business, but from this position we now need to develop a group of profitable products that reduces the impact of gold price volatility. We have seen a strong retail performance which partially addresses the profitability of the Group, but we need to develop new and more valuable product lines, including secured lending to generate a satisfactory return on capital.

REGULATION

The regulation of Consumer Credit moved from the Office of Fair Trading to the Financial Conduct Authority on 1 April 2014. The Group has obtained interim permission from the FCA and has submitted its application for full authorisation in February 2015. The Group is well prepared for the transition and we welcome the higher standards that this change will bring to our sector.

STRATEGY

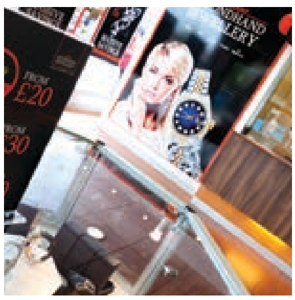
We recognise the need to evolve our business model to address an intensely competitive environment, the declining footfall on UK high streets and the increasing use of the internet for commoditised goods and services. We need to develop a strong presence in the high footfall shopping malls of the UK, rather than the legacy of High Street locations that have been the main stay of the business. The negativity associated with the word "pawnbroking" can prevent us obtaining leases in some high footfall locations such as shopping malls. We need to look at new formats and branding for our business to attract a customer who would not use or enter a shop with a pawnbroking symbol or that shop front description. We will need to relocate stores where their location has a reducing footfall, to those places where it will grow. The combination of on-line presence, high visibility and an attractive range of products will be important.

PROSPECTS

The Group started on a programme to address all aspects of this developing strategy during 2014. This included the creation of 39 retail stores, with the new branding 'est1897'; these stores comprise 36 rebranded H&T pawnbroker stores and three new stores in shopping centres. This is being supported by the launch of a new range of online services both through internet and mobile channels. Good growth has been seen in the provision of foreign exchange as well as an improved retail offering. We will continue to review the product range to increase the profitability of stores and the use of different asset classes as collateral for consumers' secured lending.

On behalf of the Board and our shareholders I would like to thank everyone at H&T for the hard work and dedication through a year of significant change.

PETER D MCNAMARA
Chairman



PERSONAL LOANS

Gross Profit
£1.8m

Loan Book
£3.1m

THE BUSINESS AT A GLANCE

As at 31 December 2014, H&T was the largest pawnbroking business in the UK by size of pledge book.

H&T has existed in some form since the late 1800s and over the years has built or acquired some of the oldest and largest pawnbrokers in the UK. Indeed the store in Edinburgh has operated from the same building for more than 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 122 stores to 191 at 31 December 2014.

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

Pawnbroking

A pawnbroking loan is secured on an item of value with a term of up to six months. H&T values 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 six months and the customer can redeem the goods at any point during this time providing that they repay the original loan amount plus any interest due. At the end of the contract, they also have the option to extend the loan for a further six months. If the customer chooses not to redeem or renew the loan, H&T then takes action to dispose of the goods.

Retail

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

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.

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 sets us apart from other providers in the market.

Stores Online Apps

Cheque Cashing

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

Buyback

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

Prepaid 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 increased transaction numbers to around 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.

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 six 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.

H&T Customers

H&T has been built on securing customer trust and loyalty. Our aim is to ensure that people from all walks of life have access to appropriate forms of credit. Our staff use the range of products we have available to help each customer find the right solution for them.

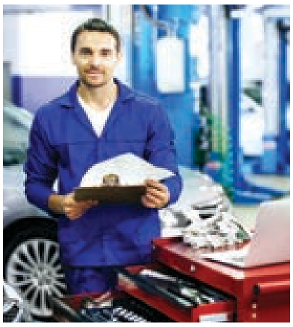
USE OF FUNDS

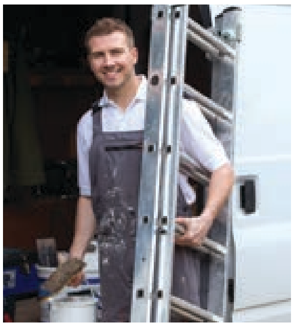
Generally our customers use cash generated from an H&T loan or sale of gold to fund day-to-day living expenses. Customers also use our services to solve short-term cash needs of their business or for a wide range of household expenditure requirements.

THE H&T DIFFERENCE

We actively encourage customer feedback across a range of media and closely monitor the comments we receive. Overwhelmingly existing and new customers express positive feedback on the service they receive. Many comment on how their experience with us exceeds their expectations, we have again consistently achieved satisfaction ratings of 96% and higher.

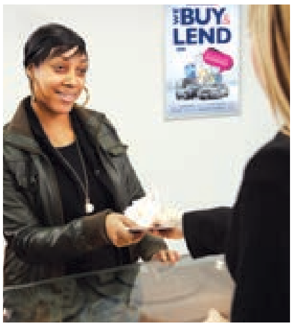
Customers rate highly the knowledge of our staff, based on our ability to understand the customers need and directly and accurately answer their queries. Also on our professionalism, demonstrated by our responsiveness to concerns and use of plain and simple language.





"Nothing is too much trouble. You very rarely get treated that way these days." Welling

"The staff member could not have been more professional and friendly." Brighton



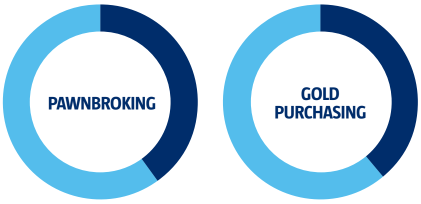
"Very professional made me feel at ease." Leigh

"Fantastic and helpful always has a friendly smile on their face, spectacular services and makes you feel welcome and a good friend." Tuebrook

"All the staff I have met are all very professional and friendly." Gillingham

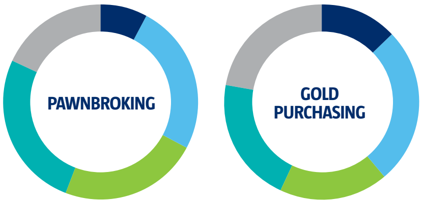
"The assistant … always goes the extra mile to make sure I am totally satisfied and is always very prompt and polite." Bolton

GENDER SPLIT



PAWNBROKING		GOLD PURCHASING	
Male	40%	Male	39%
Female	60%	Female	61%

AGE PROFILE



PAWNBROKING		GOLD PURCHASING	
18-24	8%	18-24	13%
25-35	25%	25-35	26%
36-44	23%	36-44	18%
45-55	26%	45-55	21%
56+	18%	56+	22%

PAWNBROKING

Lent in 2014

£94.5m

Pledge Book

£38.5m

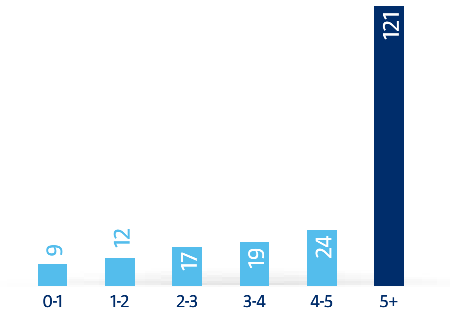
H&T People

Our greatest asset is our people and we aim to continually develop and motivate all our employees to ensure we have a workforce who feel really valued by their employer.

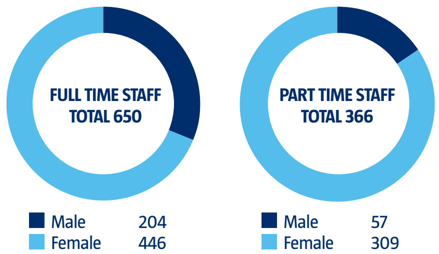
H&T's COMMITMENT TO DEVELOPING OUR PEOPLE

We continually advance and assist staff to realise their potential. Our work with Learning & Development ensures our people are developed to support them in their roles. Throughout 2014 we have continued to build on this offering, meeting the needs of the business and our people, this includes:

MANAGERS TENURE



OUR STAFF TOTAL 1,016



CONTINUOUS DEVELOPMENT OF THE H&T ACADEMY

E-learning continues to be a big part of our H&T Academy blended learning approach. Currently, the programme offers over 38 different modules that focus more on the theory of the subject leaving the workshops to be more practical. Over the last year our e-learning programme has been instrumental in helping the Company and staff to meet all the requirements of the new FCA compliance regulations.

CURRENT WORKSHOPS & DEVELOPMENT PROGRAMMES

The Company's goal is still to provide the possible technical and behavioural training enabling our staff to perform their roles very effectively. Our library of internal workshops has increased from 18 to 22 focusing on pawnbroking basics, balanced with a large selection of managerial skillsets.

A cross selection of our workshops begin with our Stair Steps 1-3 programme, which focuses on the fundamentals including Welcome/Sales & Service, Intro to Diamonds, Intro to Watches, Buyback and Advanced Diamonds.

Moving on to Stair Steps 4&5, which offers more managerial and behavioural training and our MDP (Management Development Programme) and STAR Programme which offer workshops such as Intro to Management, Managing Your Team More Effectively, Intro to Training and Coaching and Financial and Commercial Awareness.

REWARD AND RECOGNITION

As well as offering competitive salaries we offer a generous benefits package, which includes: Employee Assistance Programme, enhanced sick and holiday pay, innovation scheme (successful ideas and suggestions can earn an employee up to a £1000 reward), health insurance for management, life assurance for all staff, monthly, quarterly and annual bonuses linked to profitability/KPIs, eye care vouchers, cycle to work scheme.

YOUR VOICE MEETINGS

We hold successful quarterly staff council meetings with representatives from across the country to hear staff suggestions, ideas and to discuss issues. These are highly productive and resourceful and give employees an opportunity to express their honest opinions to Management.

BUYBACK VALUE PURCHASED INCREASED

£2.9m

IN 2014
84%
OF DEPUTY AND MANAGER ROLES FILLED INTERNALLY

NPA AWARDS

H&T is proud to announce that in 2014, one of our Managers collected the "Rising Star" Award from the National Pawnbroker's Association (NPA), demonstrating H&T's passion for developing and supporting its people to their full potential.

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. 84% of our Deputy Manager and Store Manager roles were filled internally in 2014.

SERVICE PERFORMANCE
2014 CUSTOMER SATISFACTION SURVEY

The mystery shop programme was replaced in 2014 with an online customer satisfaction survey where customers rate us from 1 to 10 on questions grouped in each area, the average scores for the 4967 responses received in 2014 are:

KNOWLEDGE SCORE	PROFESSIONALISM SCORE	SATISFACTION SCORE
9.59	9.63	9.55

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**

GOLD BUYING GROSS PROFIT
£2.4m

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 three stores were closed in 2014 (2013: eight added) taking the total store estate size to 191 stores.

SALES INCREASED

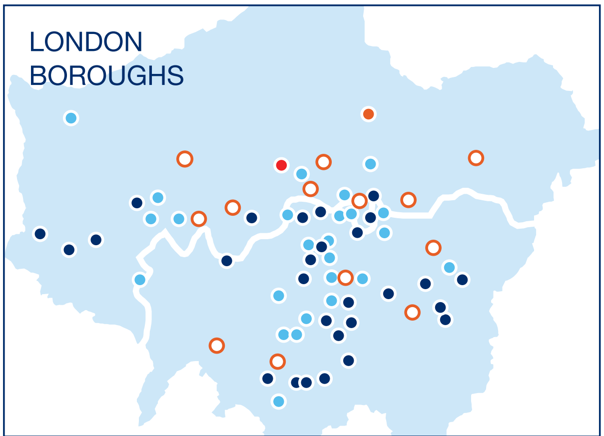
24.1%

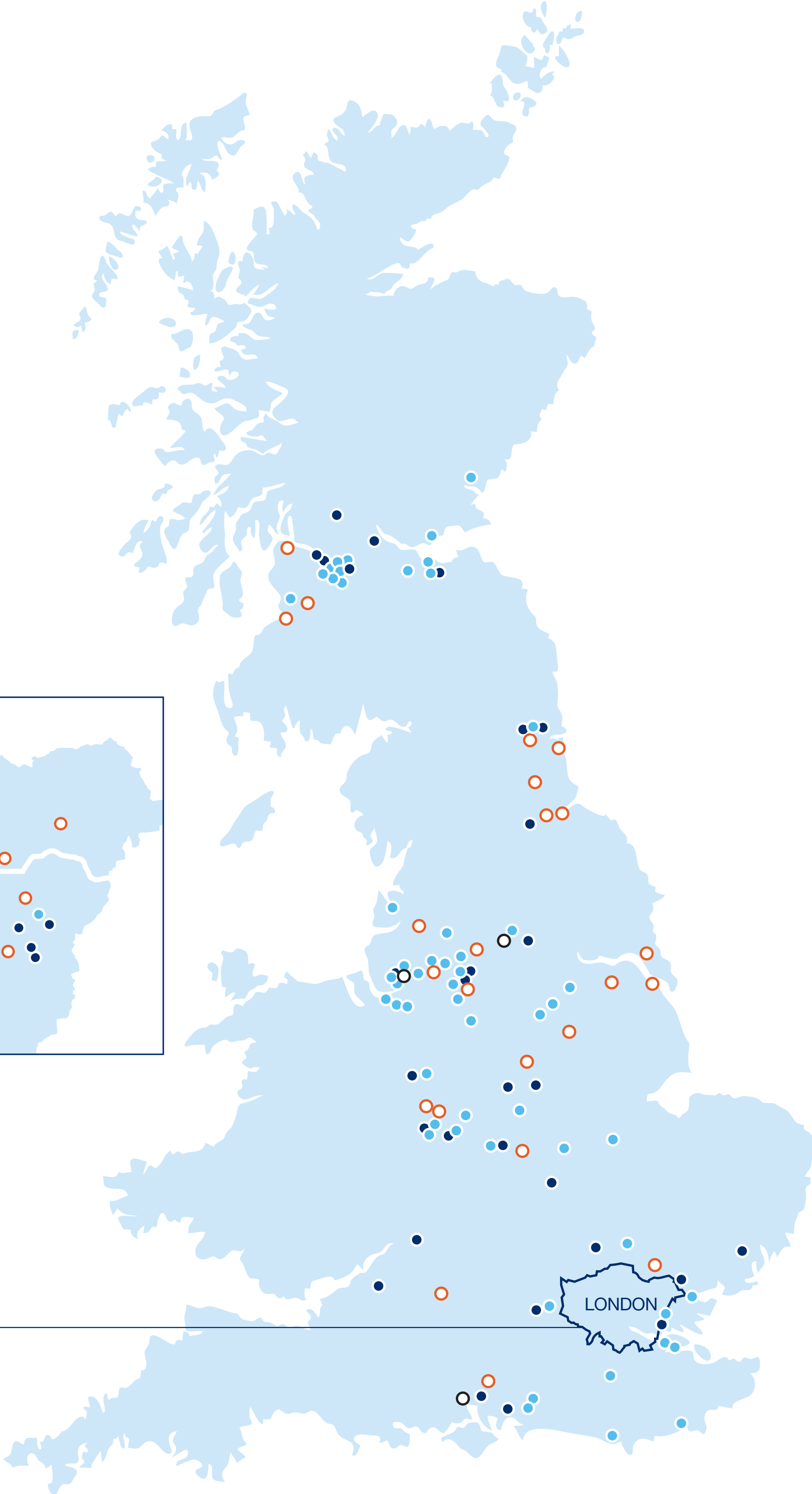
H&T pawnbrokers

- 2014 stores
- 2009-2013 stores
- 2008 prior stores

DISCOUNT SECONDHAND JEWELLERY www.est1897.co.uk

- H&T converted to DSJ
- Brand new DSJ store





OUR COMMUNITIES

It has remained our ambition to provide as much support as we can to local and national charities and organisations. This continued throughout 2014 and the year was filled with an array of events, fun days and fundraising.

We have again exceeded all expectations and raised thousands of pounds for a number of organisations. Examples of some of the successes are listed below:

EASTER EGG COLLECTION

Throughout March 2014 all H&T Pawnbrokers stores were involved in collecting Easter Eggs and toys to give poorly children a special treat. The team collected over 7,000 Easter Eggs and toys for various children's charities and hospitals nationwide.

NATIONWIDE BATON RELAY

In aid of Cancer Research UK, we carried out a nationwide baton relay between stores. Starting in the North West, staff ran, jumped, and skipped, danced and silly walked to each of the 190 H&T stores across the UK before finally reaching the Company HQ in Sutton Surrey on Monday 11 August. The total raised was in excess of £20,000!

MACMILLAN COFFEE MORNING

On Friday 26 September we took part in the World's Biggest Macmillan Coffee Morning. Tea, coffee, cakes and biscuits were baked, bought and shared in stores throughout the UK, raising over £5,000 for the charity.

CHRISTMAS COLLECTIONS

Throughout December all stores were involved in collecting for a wide range of local charities, including boxes of food items for various food banks, hundreds of gifts for children in hospital and financial support and gifts for pensioner charities.

CANCER RESEARCH UK

H&T's continued investment in our people, stores and systems has provided a platform for growth in this rapidly evolving market.

INTRODUCTION

The alternative credit market is undergoing a seismic shift as it adjusts to a very different high street trading environment, a lower gold price and a new regulator. These factors have already reduced earnings across much of the sector and the impact of the interest rate cap on pay day loans will put some businesses under further pressure in 2015.

Profit before tax for the period fell to £5.5m (2013: £6.7m), a fall of 17.9%, principally as a result of reduced profits from our Pawnbroking Scrap and Gold Purchasing operations.

The Group has responded well to protect earnings in the short term through effective cost control and a focus on jewellery retail, while making appropriate investments to develop the business through a focus on products, service and distribution.

H&T has always sought to be the customer's first choice for pawnbroking services by providing high quality locations with professional, knowledgeable and approachable staff. H&T has enhanced this proposition by expanding other services including our new personal loan, foreign exchange and buyback. This level of development has not affected the quality of service, as demonstrated by our independent customer research which shows customer satisfaction significantly outperforming the specialty retailers' benchmark.

Our store estate of 191 stores comprises 152 H&T Pawnbrokers stores and 39 est1897 second hand jewellery retail stores. During the year we have closed eight stores, opened one H&T Pawnbrokers store, opened three standalone est1897 stores and acquired one established pawnbroking business.

The Group has launched its online valuation service, its Personal Loans product, est1897 retail site and the 'My H&T' customer portal in H2 2014. These developments enhance our online capability and provide our customers with the ability to interact with us in the way they find most convenient. The main focus for 2015 will be driving adoption of these services through effective online and offline marketing and communication.

We believe that the high quality of investment made in our stores, systems and people has provided a strong platform for growth. While we will have to adapt aspects of our business model we believe we are well positioned to take advantage of the market disruption seen to date.

GROSS PROFIT

£45.7m

Pawnbroking	62.2%
Retail	23.4%
Gold Purchasing	5.2%
Pawnbroking Scrap	-0.5%
Personal Loans	3.9%
Other Services	5.8%

THE MARKET

H&T provides a range of options for customers to raise the cash they need, whether using an asset or taking out an unsecured loan. The pricing of our loan products is among the lowest in the sector, particularly versus larger chains, and almost without exception the 1.6m customers of pay day lenders would be substantially better off taking a loan with H&T instead.

The Board believe that the wider alternative credit market is likely to undergo significant change in the coming year primarily due to the implementation of the FCA's interest rate cap. The FCA has stated that "it is possible that one high-street firm may be able to operate" at the 0.8% per day cap, we would therefore anticipate store closures in that segment of the wider sector.

The Board believes that the financial stability of the Group, our range of products and our outstanding service delivery position us to take advantage of these market conditions.

OUR STRATEGY

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

The development of a strong retail proposition supports our lending and purchasing operations, improves returns and reduces the Groups exposure to gold price volatility. The development of the standalone est1897 brand could play an important part of this strategy in the future.

The Group will address the low returns on capital over the medium term by increasing earnings through product development, release of capital in underperforming units and reinvestment into high return areas.

REGULATION

THE FINANCIAL CONDUCT AUTHORITY

The regulation of Consumer Credit moved from the Office of Fair Trading to the Financial Conduct Authority on 1 April 2014. The Group has obtained interim permission from the FCA and has submitted its application for full authorisation in February 2015.

The Group has appointed a Compliance Manager and established a Risk Committee comprised of independent non-executive directors to oversee the compliance framework and our preparation for authorisation. Our non-executive directors have extensive experience with the regulatory requirements of the FCA and its predecessors and provide the Group with valuable support and insight into the new regime.

HIGH COST SHORT TERM CREDIT INTEREST RATE CAP

On 11 November 2014 the FCA published its rules relating to a cap on the interest rate and charges that apply to High Cost Short Term Credit ("HCSTC"). The rules took effect from 2 January 2015 and provide for:

- a maximum charge of 0.8% per day on the amount borrowed
- a maximum of £15 fees on default
- a cap on the total costs incurred over the life of the loan of 100% of the amount borrowed

The definition of HCSTC is broad but provides a specific exemption for pawnbroking and certain other credit products at present; we do not expect the cap to apply to pawnbroking in the near term.

The Group's personal loan product must conform to the cap although our relatively low rates of interest compared with the wider alternative credit market mean that the cap has almost no impact on our earnings.

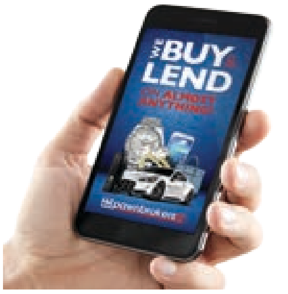
REVIEW OF OPERATIONS

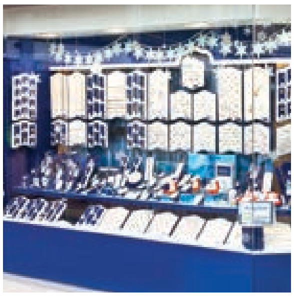
During the year the average gold price was £768 per troy oz (2013: £903), a fall of 15.0 %. This reduction impacts on the profit derived from pawnbroking scrap and purchasing and is the principal reason for the reduction in gross profits to £45.7m (2013: £49.9m), a fall of 8.4%.

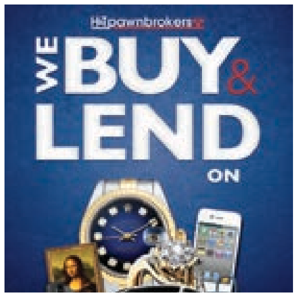
PAWNBROKING

The pledge book has reduced 12.7% to £38.5m (2013: £44.1m) as a result of the competitive environment, a lower lending rate per gram and a reduction in aged pledge. The rate of reduction has slowed significantly during the course of the year, the June 2014 balance was £38.5m, as lending has stabilised during 2014.

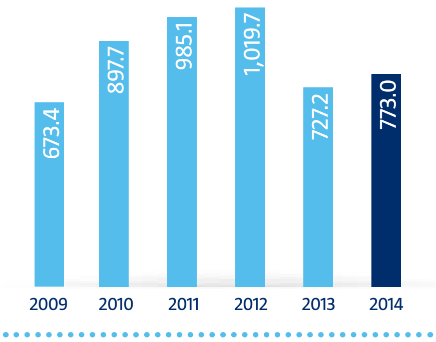
The Group's Pawn Service Charge was down 1.0% to £28.4m (2013: £28.7m) and now represents 62.1% of Group gross profit (2013: 57.4%). The interest component of the Pawn Service Charge declined 3.8% to £28.2m (2013: £29.3m) which more accurately reflects the underlying performance of the pawnbroking segment than the total Pawn Service Charge. The yield on the pledge book has increased due to the improved ageing profile of the book and the higher average rate of interest.







END OF PERIOD STERLING GOLD PRICE
(£ per troy oz)



The store based competitive environment for pawnbroking peaked in early 2013 following which the fall in the price of gold impacted both demand and the level of security available to support the loan value. Total lending in 2014 reduced 9.1% to £94.5m (2013: £104.0m) and the average lending rate per gram reduced by 6.7% as we sought to maintain a reasonable loan to value ratio.

The Group implemented a number of initiatives during the year to support the pawnbroking proposition:

1) Implementation of "Expert Eye", a system which enables high definition magnified images to be sent from a store to our centre of excellence at the jewellery centre where the images are assessed and with telephone support the store is able to make a better loan decision

2) The development of the "We lend on anything" valuation portal on the website where customers can submit an item for valuation

3) The development of mobile apps both for iOS and Android phones to enable customers to photograph items and submit to us for valuation

4) During October 2014 the sponsorship of the "Pawn Stars UK" TV programme and a promotional relationship with the stars for personal appearances and web referrals

The Group has developed these platforms to provide ways to enhance our customers engagement and maximise the returns from our marketing investments. The development of the "My H&T" customer portal to allow customers to view and manage their pawnbroking loans online together with the launch of online pawnbroking in Q2 2015 will provide further convenience and provide access to a wider customer base.

PAWNBROKING SCRAP

Pawnbroking Scrap produced a loss in the year of £0.2m (2013: £1.8m profit).

This loss was expected in light of the relatively higher rate per gram on forfeited items against the gold price. We would not expect margins on pawnbroking scrap to return to historical levels as we seek to maintain a competitive proposition on lending and support the pledge book.

RETAIL

Retail sales increased 24.1% to £30.9m (2013: £24.9m) and gross profit increased 8.1% to £10.7m (2013: £9.9m).

Retail has been a real success in 2014 as we seek to rebalance the business away from its exposure to the gold price and drive revenues in the short term. The changing business mix and the complex interaction of VAT schemes in the business resulted in an additional VAT cost in the year of approximately £1.9m. VAT has been a net recovery in recent years and was netted against expenses whereas VAT payable on sales has now been deducted from the retail sales.

The Group considers a successful retail offering to be a core part of our Group proposition. Pawnbroking and Gold Purchasing both generate significant amounts of saleable jewellery which must be sold. While higher historic gold prices provided a reasonable return from scrapping gold, this disposition route is not suitable for gemset items or watches. The ability to retail items rather than scrap them also provides a higher return and reduces the Group's exposure to short term gold price volatility.

The principal drivers for growth have been:

1) Increased stock in store: Through effective working capital management we have reduced stock in process, transit or central locations to allow an 19.7% increase in average store stock in 2014 vs 2013 with a 2.6% reduction in overall stock holding

2) 'est1897' retail brand: During the year we rebranded 36 H&T Pawnbrokers stores and built 3 standalone stores in shopping centre locations. Whilst too early to judge their performance, these stores provided retail sales growth higher than the Company average

3) Pricing Strategy Improvements: We have developed more sophisticated methods to deliver effective pricing and discount policies in store to maximise sales and margin. This remains a key focus as we seek to maximise overall gross profits from this area

CHIEF EXECUTIVE'S REVIEW CONTINUED

STORE DEVELOPMENT

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

The Group also launched a fully transactional website www.est1897.co.uk in September 2014 which is used to showcase the exceptional items available from our stores.

GOLD PURCHASING

Gold Purchasing gross profit declined to £2.4m (2013: £4.8m) as a result of four key factors:

1) Gold price reduction: The average gold price was £768 per troy ounce during 2014 (2013: £903 per troy ounce) a reduction of 15.0% which impacts on the gross profit available on each transaction

2) Closure of GoldBar: The retail mall units contributed £0.7m of profit in 2013 and were closed as volumes decreased during the course of that year

3) Competitive Pressure: The margin derived from Gold Purchasing reduced from 19.5% in 2013 to 17.9% in 2014

4) Changing business mix: The increased cost of goods sold through retail means that a higher proportion of profits are realised in the retail segment rather than Gold Purchasing. Cost of goods sold through retail increased by 34.7% from 2013 to 2014

We estimate that the weight of fine gold purchased in like for like H&T stores fell by 1.7% from 2013 to 2014, with the trend in fine gold weight being encouraging since January 2014.

While Gold Purchasing has never been considered a core revenue stream for the Group we would expect that the improvements delivered to support pawnbroking and retail will also support Gold Purchasing.

PERSONAL LOANS

The Personal Loans segment comprises all unsecured lending activity in the Group, including the pay day loan product which was withdrawn in September 2013. Gross profit fell to £1.8m (2013: £2.9m).

The Group took the decision in early 2013 to simplify its unsecured loan offering from the Pay Day Advance and KwikLoan products to the new more flexible Personal Loan which is tailored to a customer's personal circumstances. The product provides loans from £50 to £1,000 over any term of up to two years, subject to affordability checks.

The H&T Personal Loan may be taken out for periods of less than a year and as the APR on the loans is more than 100% a proportion of our lending falls within the FCA definition of High Cost Short Term Credit ("HCSTC"), as such the interest rate cap applies to those loans. We estimate that approximately 1% of our lending in 2014 would have been restricted by the loan cap where they were small amounts and very short term (up to two months). We have now reviewed the pricing of our products to ensure that all loans are fully compliant and our products remain competitive in the context of the new market.

The Personal Loan product was launched online in August 2014 and will provide a key medium term opportunity.

OTHER SERVICES

Other Services includes Third Party Cheque Cashing, Foreign Exchange, Buyback, Western Union and other income. Total gross profit from Other Services was £2.7m (2013: £1.8m), the increase being generated from Foreign Exchange and Buyback activities, both new products launched in 2013.

Third Party Cheque Cashing gross profits reduced 8% to £1.1m (2013: £1.2m) as the number of cheques in circulation reduced. Foreign Exchange continues to grow with an increase in gross profits of 167% to £0.8m (2013: £0.3m). This simple transactional product brings new customers and revenues into H&T's stores without detracting from the core services.

Buyback has been a particular success as part of the wider strategic development of the "We buy anything" proposition. Gross profits increased to £0.5m (2013: £0.1m) as the value purchased increased to £2.9m (2013: £0.7m) and brought a new customer base to H&T. Buyback customers are younger – (57% are 35 or under vs 33% in Pawnbroking) and more likely to be male – (63% are male vs 40% in Pawnbroking).

PROSPECTS

The Group has made good progress in delivering our strategy described above with the initial development complete on a range of initiatives to develop our position as the UKs leading pawnbroker. The challenge for 2015 is to ensure that the investment to date yields tangible results to drive earnings growth and improve returns from the store estate.

We believe that the wider market is stabilising and future changes will be positive for the Group and we have built a solid platform for growth. Current trading is in line with management's expectations for 2015.

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

H&T's continued investment in our people, stores and systems have provided a platform for growth in this rapidly evolving market.

FINANCIAL RESULTS

For the year ended 31 December 2014 we have delivered £5.5m profit before tax, down 17.9% from £6.7m in 2013 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 £2.9m lower than in 2013. The reduction is mainly a result of the closure of GoldBar and the costs associated with the closure of underperforming stores provided for at 31 December 2013.

Finance costs reduced to £708k (2013: £842k) 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 £14.4m (2013: £15.4m). Working capital movements produced an inflow of £6.2m (2013: £6.9m) in the year, the main component of these movements in each year being the change in the pledge balance. Effective stock management enabled us to increase retail sales whilst reducing the overall level of stock in the business. Movement in inventories represented an inflow of £0.4m (2013: £3.4m outflow).

BALANCE SHEET

As at 31 December 2014 the Group had net assets of £90.9m (2013: £88.1m) with period end net debt of £9.7m (2013: £20.7m) delivering a reduction in gearing to 10.6% (2013: 23.5%) (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 four year facility with Lloyds Bank plc allowing for maximum borrowings of £50.0m, subject to covenants, at a margin of between 1.25% and 2.25% above LIBOR. At year end £16.0m was drawn on the facility and the Group was well within the covenants with a net debt to EBITDA ratio of 0.99x and interest to EBITDA ratio of 17.6x.

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 one acquisition comprising one store and two pawnbroking loan books for a total consideration of £0.5m. The Group also opened four new stores and closed eight stores during the year taking the total store estate to 191 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 property, plant and equipment are impaired. As at 31 December 2014 the Group impaired the value of one store which was acquired in 2012. The total value of the impairment was £129k.

SHARE PRICE AND EPS

At 31 December 2014 the share price was 160.0p (2013: 143.5p) and market capitalisation was £59.0m (2013: £52.9m). Basic earnings per share was 11.78p (2013: 13.44p), diluted earnings per share was 11.78p (2013: 13.40p) and diluted net assets per share equated to 247p (2013: 243p).

The Group's market capitalisation remained below net asset value during the year as the continued pressure on earnings depressed market confidence. The Board believe that the action taken to stabilise the pledge book, drive alternative earning streams, control costs and de-risk the balance sheet will build confidence.

STEVE FENERTY
Finance Director

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 obtain FCA Authorisation or to comply with the ongoing requirements	• Experienced management team with significant industry experience and knowledge, recruitment of compliance manager • Internal Audit and Compliance functions • Extensive training and monitoring • High quality software systems to support compliant behaviour • Use of standard approved documentation • Membership of Trade Associations to ensure the business is aware of current requirements
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 at Board level • 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

AREA	DESCRIPTION OF RISK	EXAMPLES OF MITIGATING ACTIVITIES
Cheque Cashing and unsecured lending	Significant worsening of bad debts	• Investment in IT systems • Staff training • Continual monitoring of bad debts and lending criteria
	Decline in third party cheque encashment business	• On-going reduction in overall business mix and replacement by new services and products
Gold Purchasing	Increasing competition impacting on volumes purchased and margins achieved	• Constant monitoring of competitor's pricing • 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.

REGULATORY RISK

The regulation of Consumer Credit moved from the Office of Fair Trading to the Financial Conduct Authority on 1 April 2014. The Group has obtained interim permission from the FCA and has submitted its application for full authorisation in February 2015.

The Group has appointed a Compliance Manager and established a Risk Committee comprised of independent non-executive directors to oversee the compliance framework and our preparation for authorisation. Our non-executive directors have extensive experience with the regulatory requirements of the FCA and its predecessors and provide valuable support and insight into the new regime.

The Group would be unable to operate its consumer credit products if the application for authorisation is declined.

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.

RISKS AND UNCERTAINTIES CONTINUED

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

The risk attributable to the pledge book is further mitigated due to the presence of collaterals (the customer's pledges) which can be easily liquidated in almost all cases at a profit.

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

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

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

	MOODY'S CREDIT RATING
Barclays Bank plc	**A2**
The Royal Bank of Scotland plc	**Baa1**
Lloyds TSB Bank plc	**A1**

The Group has no significant concentration of credit risk other than on bank balances of £151,000 (2013: £335,000) with Royal Bank of Scotland plc, £3,728,621 with Barclays Bank plc (2013: £3,953,000) and (£1,859,757) (2013: £29,000) with Lloyds Bank plc.

LIQUIDITY RISK
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. At 31 December 2014, 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 the United Kingdom, the Group is impacted by foreign currency exchange rates affecting the gold price exchange from USD to GBP and the revaluation of foreign currency cash holdings in store.

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

STEVE FENERTY
Company Secretary

4 March 2015

DIRECTORS, OFFICERS AND ADVISERS

EXECUTIVE DIRECTORS

JOHN G NICHOLS
CHIEF EXECUTIVE, 64

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, 41

Stephen trained with KPMG's banking and finance team and is a member of the Institute of Chartered Accountants, 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, 64

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
NON-EXECUTIVE DIRECTOR, 60

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
NON-EXECUTIVE DIRECTOR, 57

James is currently a Director at Hannam and Partners LLP, 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.

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CORPORATE GOVERNANCE

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

DIRECTORS

THE BOARD

The Board comprises two executive directors and three non-executive directors. Their biographies appear on page 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 each 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 Directors' responsibilities statement in respect of the financial statements 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 financial statements, a CEO review of operations, a review of new store proposals and potential acquisitions and an update on the progress of the Group's other strategic objectives.

The Board meetings in August and 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 L Berryman (Chairman)
- Peter D McNamara
- James F Thornton

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

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

The duties of the Committee are to:

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

The Committee is authorised by the Board to:

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

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company. The members of the Committee are:

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

The Audit Committee reviews each year the arrangements for safeguarding auditor objectivity and independence. The Audit Committee reviews the scope, results and cost-effectiveness of internal and external audit, and has delegated power from the Board to exercise the power from shareholders to agree fees for external auditors. The Audit Committee is responsible for satisfying itself on the independence and objectivity of external auditors and the independence of internal auditors. As directed by the Audit Committee, the principal function of the Group's internal audit team is to verify the physical presence and control procedures surrounding the cash, pledge and 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.

RISK COMMITTEE

The Risk Committee comprises three independent non-executive directors of the Company. The members of the Committee are:

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

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

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

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

NOMINATION COMMITTEE

The Nomination Committee comprises three independent non-executive directors of the Company. The members of the Committee are:

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

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

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

INTERNAL CONTROL

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

INTERNAL CONTROL: FINANCIAL

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

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

INTERNAL CONTROL: RISK MANAGEMENT

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

RELATIONS WITH SHAREHOLDERS

The Board recognises the importance of communications with shareholders. The Chief Executive's statement and the operational review on pages 13 to 16 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 2014.

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, 13-16 and 17.

DIVIDENDS

The directors propose a final dividend of 2.7p (2013: 2.7p) per share subject to approval at the Annual General Meeting on 30 April 2015. 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 2013 of 2.7p per share and an interim dividend for the year ended 31 December 2014 of 2.1p per share (2013: 2.1p per share).

CAPITAL STRUCTURE

Details of the authorised share capital are shown in note 27 to the consolidated financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. As disclosed in note 27, during the period no new ordinary shares (2013: 270,008) of £0.05 each were issued, called up and fully paid as part of the Group's share option and long term incentive plans.

The nominal issued share capital as at 31 December 2014 was £1,842,813 (31 December 2013: £1,842,813).

As at 31 January 2015, 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	17.9%
Fidelity Worldwide Investment	10.0%
Henderson Global Investors	9.6%
Baillie Gifford	6.6%
Fidelity Management & Research	6.0%
Directors	3.8%
NBIM	3.6%
Octopus Investments	3.6%
Hof Hoomeman Bankiers	2.6%
Paradigm Capital	2.3%

Details of employee share schemes are set out in note 28. Under these share schemes, there are currently potentially an additional 1,585,447 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 2014 or 31 December 2013. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

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

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

DIRECTORS AND THEIR INTERESTS

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

EXECUTIVE
J G Nichols
S A Fenerty

NON-EXECUTIVE
P D McNamara
M L Berryman
J F Thornton

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

Director	Type of Share	At 1 January 2014	Acquired in the year	Disposed of in the year	At 31 December 2014
J G Nichols	Ordinary 5p shares	1,066,050	29,422	(15,942)	1,079,530
S A Fenerty	Ordinary 5p shares	300,000	12,950	(7,017)	305,933
P D McNamara	Ordinary 5p shares	17,351	–	–	17,351
M L Berryman	Ordinary 5p shares	2,000	–	–	2,000
J F Thornton	Ordinary 5p shares	5,000	–	–	5,000

DIRECTORS AND THEIR INTERESTS (CONTINUED)

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

Director	At start of year No.	Granted during the year No.	Exercised during 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				
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	—	—	(11,476)	273,138				

No share options were granted to any director in 2013 and 2014.

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

Director	At start of year No.	Granted during the year No.	Exercised during 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	—	(29,422)	(47,752)	—	—	1/4/2014
- 2012 LTIP	80,778	—	—	—	80,778	—	17/4/2015
- 2013 LTIP	82,276	—	—	—	82,276	—	28/3/2016
	240,228	—	(29,422)	(47,752)	163,054		
S A Fenerty							
- 2011 LTIP	33,973	—	(12,950)	(21,023)	—	—	1/4/2014
- 2012 LTIP	40,301	—	—	—	40,301	—	17/4/2015
- 2013 LTIP	41,048	—	—	—	41,048	—	28/3/2016
	115,322	—	(12,950)	(21,023)	81,349		

31 December 2014, the market price of H&T Group plc's shares was 160p and the range during the year ended 31 December 2014 was 145p – 188.5p.

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:

- J G Nichols
- S A Fenerty

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:

	2014 £	2013 £
Emoluments	**585,344**	726,249
Gains on exercise of share options	**—**	—
Amounts gained under long term incentive schemes	**72,880**	—
Money purchase pension contributions	**41,439**	54,566
	699,663	780,815

DIRECTORS' EMOLUMENTS AND COMPENSATION

Director	Fees/Basic salary £	Benefits in kind £	Annual bonuses £	**2014 Total £**	2013 Total £
Executive					
J G Nichols	240,454	11,812	—	**252,266**	252,427
A M Maby (resigned 29 November 2013)	—	—	—	**—**	172,206
S A Fenerty	173,939	9,664	—	**183,603**	152,141
Non-Executive					
P D McNamara	69,525	—	—	**69,525**	69,525
M L Berryman	41,200	—	—	**41,200**	41,200
J F Thornton	38,750	—	—	**38,750**	38,750
Aggregate emoluments	563,868	21,476	—	**585,344**	726,249

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 2014 bonus structure was as follows:

- executive directors receive a percentage of salary for achieving a minimum target based on Group profit before tax; and
- for each 1% out-performance to the target additional percentages are paid up to a maximum of 35% over the target. No director can receive a bonus of more than 145% of salary.

The 2015 directors' bonus scheme is the same structure as the 2014 scheme.

DIRECTORS' PENSION ENTITLEMENTS

2 directors (2013: 3) were members of money purchase schemes during the year. Contributions paid by the Company in respect of such directors were as follows:

	2014 **£**	2013 £
J G Nichols	**24,045**	24,045
A M Maby (resigned 29 November 2013)	**—**	16,292
S A Fenerty	**17,394**	14,229
	41,439	54,566

PERSONNEL

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

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

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

EMPLOYEE CONSULTATION

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

EMPLOYMENT OF THE DISABLED

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

SUPPLIER PAYMENT POLICY

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 December 2014 were equivalent to 29 (2013: 30) days' purchases, based on the average daily amount invoiced by suppliers during the year.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the Company and Group made donations to registered local and national charities of £5,500 (2013: £4,000). No political contributions were made during the year (2013: £nil).

GOING CONCERN

The Group delivered profit after tax of £4.3m for the year ended 31 December 2014 (2013: £4.9m). The Group has also increased its net assets to £90.9m (2013: £88.1m). The Group's net debt balance decreased by £11m during 2014 highlighting the Group's ability to manage its working capital use and generate strong cash flows.

The Board has approved a detailed budget for 2015, 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 2014, the Group had £32.1m 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 26.

Based on the above considerations and after reviewing in detail 2015 and Q1 2016 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 Group's auditor is unaware; and
(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

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

Approved by the Board of Directors and signed on behalf of the Board

J G NICHOLS
Chief Executive Officer

4 March 2015

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 have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and 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 financial statements 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.

This responsibility statement was approved by the Board of directors on 4 March 2015 and is signed on its behalf by.

By order of the Board

J G NICHOLS
Chief Executive Officer

S A FENERTY
Finance Director

4 March 2015

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 2014 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Balance Sheet, the Group Cash Flow Statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the 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 group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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:

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

OTHER MATTER

We have reported separately on the parent company financial statements of H&T Group plc for the year ended 31 December 2014.

Ian J Smith

IAN J SMITH FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

4 March 2015

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

Continuing operations	Note	2014 £'000	2013 £'000
Revenue	5,6	**87,696**	99,275
Cost of sales		**(42,019)**	(49,357)
Gross profit	6	**45,677**	49,918
Other direct expenses		**(31,627)**	(32,912)
Administrative expenses		**(7,833)**	(9,432)
Operating profit		**6,217**	7,574
Investment revenues	5,10	**1**	1
Finance costs	11	**(708)**	(842)
Profit before taxation	7	**5,510**	6,733
Tax charge on profit	12	**(1,255)**	(1,882)
Profit for the financial year and total comprehensive income		**4,255**	4,851

		2014 Pence	2013 Pence
Earnings per share			
Basic	13	**11.78**	13.44
Diluted	13	**11.78**	13.40

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Note	Share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Retained earnings £'000	Total £'000
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		13	12	—	—	25
Share option credit taken directly to equity	28	—	—	—	238	238
Dividends paid	14	—	—	—	(3,738)	(3,738)
Employee benefit trust shares	27	—	—	(13)	—	(13)
At 1 January 2014		**1,843**	**25,409**	**(38)**	**60,914**	**88,128**
Profit for the financial year		**—**	**—**	**—**	**4,255**	**4,255**
Total income for the financial year		**—**	**—**	**—**	**4,255**	**4,255**
Issue of share capital	27	**—**	**—**	**—**	**—**	**—**
Share option credit taken directly to equity	28	**—**	**—**	**—**	**246**	**246**
Dividends paid	14	**—**	**—**	**—**	**(1,769)**	**(1,769)**
Employee benefit trust shares	27	**—**	**—**	**3**	**—**	**3**
At 31 December 2014		**1,843**	**25,409**	**(35)**	**63,646**	**90,863**

GROUP BALANCE SHEET

At 31 December 2014

	Note	31 December 2014 £'000	31 December 2013 £'000
Non-current assets			
Goodwill	15	**17,707**	17,738
Other intangible assets	16	**1,056**	1,400
Property, plant and equipment	17	**9,954**	12,322
Deferred tax assets	23	**527**	724
		29,244	32,184
Current assets			
Inventories	19	**29,500**	29,748
Trade and other receivables	20	**49,423**	54,122
Cash and cash equivalents	20	**8,250**	8,251
		87,173	92,121
Total assets		**116,417**	124,305
Current liabilities			
Borrowings	22	**(1,925)**	(3,000)
Trade and other payables	21	**(6,053)**	(5,338)
Current tax liabilities	21	**(328)**	(1,076)
		(8,306)	(9,414)
Net current assets		**78,867**	82,707
Non-current liabilities			
Borrowings	22	**(15,758)**	(25,605)
Provisions	24	**(1,490)**	(1,158)
		(17,248)	(26,763)
Total liabilities		**(25,554)**	(36,177)
Net assets		**90,863**	88,128
Equity			
Share capital	27	**1,843**	1,843
Share premium account		**25,409**	25,409
Employee Benefit Trust shares reserve	27	**(35)**	(38)
Retained earnings		**63,646**	60,914
Total equity attributable to equity holders		**90,863**	88,128

The financial statements of H&T Group plc, registered number 01588117, were approved by the board of directors and authorised for issue on 4 March 2015.

They were signed on its behalf by:

J G NICHOLS
Chief Executive Officer

GROUP CASH FLOW STATEMENT

Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Net cash generated from operating activities	30	**14,373**	15,405
Investing activities			
Interest received		**1**	1
Proceeds on disposal of property, plant and equipment		**52**	—
Purchases of property, plant and equipment		**(1,117)**	(2,434)
Acquisition of trade and assets of businesses		**(469)**	(2,366)
Net cash used in investing activities		**(1,533)**	(4,799)
Financing activities			
Dividends paid	14	**(1,769)**	(3,738)
Net decrease in borrowings		**(10,000)**	(5,000)
Proceeds on issue of shares	27	**—**	25
Decrease in Bank overdraft		**(1,075)**	—
Loan to the Employee Benefit Trust for acquisition of own shares		**3**	(13)
Net cash absorbed by financing activities		**(12,841)**	(8,726)
Net increase in cash and cash equivalents		**(1)**	1,880
Cash and cash equivalents at beginning of the year		**8,251**	6,371
Cash and cash equivalents at end of the year		**8,250**	8,251

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 standard and interpretations have been adopted:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies
Amendments to IAS 32	Offsetting financial assets and financial liabilities

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

STANDARDS NOT AFFECTING THE REPORTED RESULTS AND FINANCIAL POSITION

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

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture
Annual Improvements to IFRSs: 2010-2012	Amendments to: IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Statements, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets.
Annual Improvements to IFRSs: 2011-2013	Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property
Annual Improvements to IFRSs: 2012-2014	Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above it is not practicable to provide a reasonable estimate of the impact of IFRS 9 and IFRS 15 until a detailed review has been completed.

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
MOTOR VEHICLES	4 years

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

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

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'.

3. SIGNIFICANT ACCOUNTING POLICIES (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 Personal Loan debtors which are interest bearing. The accrued interest arising on these interest bearing assets is included in prepayments and accrued income using the effective interest method. All other amounts which are not interest bearing are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, which are charged to the Consolidated Statement of Comprehensive Income.

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 28. The fair value of the awards made is measured under the policy disclosed below for Share Options.

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

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:

- Pawnbroking, or Pawn Service Charge (PSC), comprises interest on pledge book loans, plus auction profit and loss, less any auction commissions payable and less surplus payable to the customer. Interest receivable on loans is recognised as interest accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount;
- Retail comprises revenue from retail jewellery sales, with 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 Scrap and Gold Purchasing comprises proceeds from gold scrap sales and is recognised on full receipt of sale proceeds;
- Personal Loans comprises income from the Group's unsecured lending products. 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; and
- Other financial services comprise revenues from third party Cheque Cashing, Foreign Exchange income, Buyback, prepaid card and other income. The commission receivable on Cheque Cashing is recognised at the time of the transaction. 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:

	2014 £'000	2013 £'000
Operating profit	**6,217**	7,574
Depreciation and amortisation	**3,470**	3,604
Impairment	**129**	517
EBITDA	**9,816**	11,695

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 critical judgement is that the Group does not recognise interest income on the pawn loans that are not expected to be redeemed. The Group recognises income on these loans when the related collateral that supports the loan is disposed of, through either the scrap or retail operations of the Group. The Group is of the opinion that the revenue earned on the unredeemed pledges is only realised from the Group perspective at the point at which the 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.

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

DILAPIDATIONS PROVISION

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

PAWNBROKING LOANS INTEREST ACCRUAL ESTIMATION

The Group recognises interest on pawnbroking loans as disclosed in the Critical judgements in applying the Group's accounting policies section above. The pawn loans interest accrual ('pledge accrual') is material to the financial statements and is dependant on the estimate that the Group makes of the expected level of redeemed pawn loans. The Group estimates the expected redemptions based on the historical redemption rates achieved. There is a risk that the actual redemption rate may vary significantly from the historical rate used to estimate the pledge accrual at the balance sheet date. The Directors assess the pledge accrual estimate made at the prior balance sheet date annually to determine if the actual redemption differs significantly to the previous estimate. No significant differences were noted for 2013 or 2014. The sensitivity of the pledge accrual to reasonable changes in the redemption rate is shown in note 26.

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

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 £129,000, of which £31,000 related to goodwill, recorded in the current year (2013: £517,000). The impairment loss relates to an acquisition made in 2012. 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, the revenue was reduced by 5% in year 1. Assumptions for years 2 – 5 include no annual revenue growth. A constant gold price of £760 per troy ounce is assumed. A perpetuity is then calculated for periods thereafter.

2. The Group has discounted the cash flows at a pre-tax, risk adjusted rate of 12.2%.

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 its recoverable amount. The impairment loss of £129,000 was recognised immediately in Profit and Loss. The impairment of £129,000 relates to Goodwill of £31,000, intangible assets of £9,000 and property, plant and equipment of £89,000.

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 a Personal Loan is based on historical loss experience depending on the level of arrears on an individual account. For arrears of 0.5 months up to one month a third of the remaining balance is impaired, for arrears of up to two months two-third of the remaining balance is impaired and for arrears of over two months, or where the loan is outstanding beyond the contractual due date, 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 26, which show the amounts recorded in the period and the sensitivity at the balance sheet date to changes in the key assumptions with respect to impairment losses.

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:

	2014 £'000	2013 £'000
Sales of goods Gold Purchasing, Retail, Pawnbroking Scrap	**54,839**	65,893
Interest/commission earned Pawnbroking, Cheque Cashing and other financial services	**32,857**	33,382
Group revenue	**87,696**	99,275
Investment revenues	**1**	1
Total Group revenue	**87,697**	99,276

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

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

	2014 £'000	2013 £'000
Income Interest earned on financial assets not designated at fair value	**32,838**	28,812
Fees earned on financial assets not designated at fair value	**3,415**	3,767

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

BUSINESS SEGMENTS

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

The Board have updated the segmental reporting to present all the unsecured lending products in one segment due to a change in the way the chief operating decision maker views the business. The Personal Loans segment now includes Pay Day Advance, KwikLoan and the new Personal Loan. Other Services includes Third Party Cheque Cashing, Foreign Exchange, Buyback, Western Union and Other income. The earlier periods reported below been restated.

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.

PERSONAL LOANS:

Personal Loans comprises Pay Day Advance, KwikLoan and the new Personal Loan. Interest receivable on unsecured loans is recognised in turnover on an accruals basis less provision for loans not expected to be repaid. Personal Loans are subject to bad debt risk which is reflected in the interest rate applied.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)
OTHER SERVICES:
This segment comprises:

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

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

Further details on each activity are included in the Chief Executive's Review on pages 13 to 16.

Segment information about these businesses is presented below:

2014	Pawnbroking 2014 £'000	Gold Purchasing 2014 £'000	Retail 2014 £'000	Pawnbroking Scrap 2014 £'000	Personal Loans 2014 £'000	Other services 2014 £'000	Consolidated year ended 2014 £'000
Revenue							
External sales	28,393	13,325	30,894	10,620	1,780	2,684	87,696
Total revenue	28,393	13,325	30,894	10,620	1,780	2,684	87,696
Segment result – gross profit	28,393	2,387	10,677	(244)	1,780	2,684	45,677
Other direct expenses							(31,627)
Administrative expenses							(7,833)
Operating profit							6,217
Investment revenues							1
Finance costs							(708)
Profit before taxation							5,510
Tax charge on profit							(1,255)
Profit for the financial year and total comprehensive income							4,255

2013	Pawnbroking 2013 £'000	Gold Purchasing 2013 £'000	Retail 2013 £'000	Pawnbroking Scrap 2013 £'000	Personal Loans 2013 £'000	Other services 2013 £'000	Consolidated year ended 2013 £'000
Revenue							
External sales	28,672	24,487	24,928	16,478	2,929	1,781	99,275
Total revenue	28,672	24,487	24,928	16,478	2,929	1,781	99,275
Segment result – gross profit	28,672	4,784	9,922	1,830	2,929	1,781	49,918
Other direct expenses							(32,912)
Administrative expenses							(9,432)
Operating profit							7,574
Investment revenues							1
Finance costs							(842)
Profit before taxation							6,733
Tax charge on profit							(1,882)
Profit for the financial year and total comprehensive income							4,851

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)
BUSINESS SEGMENTS (CONTINUED)
As disclosed in note 3, Gross profit is stated after charging bad debt expenses and the direct costs of stock items sold or scrapped in the period. Other operating expenses of the stores are included in other direct expenses. The Group is unable to meaningfully allocate the other direct expenses of operating the stores between segments as the activities are conducted from the same stores, utilising the same assets and staff. The Group is also unable to meaningfully allocate Group administrative expenses, or financing costs or income between the segments. Accordingly, the Group is unable to meaningfully disclose an allocation of items included in the Consolidated Statement of Comprehensive Income below Gross profit, which represents the reported segment results.

The Group does not apply any inter-segment charges when items are transferred between the pawnbroking activity and the retail or scrap activities.

2014	Pawn-broking 2014 £'000	Gold Purchasing 2014 £'000	Retail 2014 £'000	Pawn-broking Scrap 2014 £'000	Personal Loans 2014 £'000	Other services 2014 £'000	Unallocated assets/ (liabilities) 2014 £'000	Consolidated year ended 2014 £'000
Other information								
Capital additions (*)							1,008	1,008
Depreciation and amortisation (*)							3,569	3,569
Balance sheet								
Assets								
Segment assets	43,888	473	28,749	278	3,129	—		76,517
Unallocated corporate assets							35,323	35,323
Consolidated total assets								116,417
Liabilities								
Segment liabilities	—	—	(640)	—	—	(212)		(852)
Unallocated corporate liabilities							(24,702)	(24,702)
Consolidated total liabilities								(25,554)

2013	Pawn-broking 2013 £'000	Gold Purchasing 2013 £'000	Retail 2013 £'000	Pawn-broking Scrap 2013 £'000	Personal Loans 2013 £'000	Other services 2013 £'000	Unallocated assets/ (liabilities) 2013 £'000	Consolidated year ended 2013 £'000
Other information								
Capital additions (*)							3,229	3,229
Depreciation and amortisation (*)							4,121	4,121
Balance sheet								
Assets								
Segment assets	49,824	1,900	26,582	1,266	2,019	—		81,591
Unallocated corporate assets							35,364	35,364
Consolidated total assets								124,305
Liabilities								
Segment liabilities	—	—	(478)	—	—	(86)		(564)
Unallocated corporate liabilities							(35,613)	(35,613)
Consolidated total liabilities								(36,177)

(*) 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.

FINANCIAL STATEMENTS

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 £21,740,000 (2013 – £29,531,000) and from its second largest customer of £1,314,000 (2013 – £5,720,000). These customers are bullion houses involved in the processing of the Group's scrap gold.

7. PROFIT BEFORE TAXATION

	2014 £'000	2013 £'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment reported within:		
- Other direct expenses	**3,012**	3,101
- Administrative expenses	**75**	84
Amortisation of intangible assets (reported within Other direct expenses)	**383**	419
Impairment	**129**	517
Loss on disposal of property, plant and equipment	**181**	187
Cost of inventories recognised as expense	**41,299**	48,360
Write downs of inventories recognised as an expense	**720**	997
Staff costs (see note 9)	**19,891**	20,442
Impairment loss (released)/recognised on Pawnbroking financial assets (*)	**(61)**	514
Provision (released)/recognised on Pawnbroking financial assets (*)	**(305)**	545
Impairment loss recognised on Personal Loans financial assets (*)	**2,251**	1,083
Provision recognised/(released) on Personal Loans financial assets (*)	**376**	(395)
Impairment loss recognised on other services financial assets (*)	**206**	232
Provision released on other services financial assets (*)	**(7)**	(14)

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

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

8. AUDITOR'S REMUNERATION

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

	2014 £'000	2013 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**42**	45
Fees payable to the Company's auditor for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	**45**	42
Total audit fees	**87**	87
- Tax services	**13**	10
- Other services	**—**	—
Total non-audit fees	**13**	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 (2013 - 3) non-executive directors receive payments for services rendered to the H&T Group plc group. Their emoluments are included in the analysis below.

	2014 £'000	2013 £'000
Directors' emoluments		
Aggregate emoluments	**585**	726
Amounts gained under long term incentive scheme	**73**	—
Company pension contributions to money purchase schemes	**41**	55
	699	781

All executive directors during the year (2013 – all) participated in Harvey & Thompson Limited's money purchase pension scheme. In addition, £149,000 (2013 – £209,000) 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 (2013: One) of the directors exercised options over shares in the Company in the year, two (2013: None) directors were granted shares under the long term incentive scheme.

	2014 £'000	2013 £'000
Highest paid director		
Aggregate emoluments	**252**	252
Amounts gained under long term incentive scheme	**50**	—
Company pension contributions to money purchase scheme	**24**	24

In addition, £75,000 (2013 – £104,000) 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.

	2014 No.	2013 No.
Monthly average number of persons employed (including directors)		
Branches	**907**	914
Administration	**94**	107
	1,001	1,021

	2014 £'000	2013 £'000
Staff costs during the year (including directors)		
Wages and salaries	**17,831**	18,317
Share option compensation expense (note 28)	**249**	238
Social security costs	**1,479**	1,634
Other pension costs	**324**	253
	19,883	20,442

All directors and employees are remunerated through a subsidiary group company, Harvey & Thompson Limited in both the current and preceding financial year. 20% of key management personnel are female.

10. INVESTMENT REVENUES

	2014 £'000	2013 £'000
Interest revenue:		
Bank deposits	**1**	1

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

	2014 £'000	2013 £'000
Loans and receivables (including cash and bank balances)	**1**	1

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

11. FINANCE COSTS

	2014 £'000	2013 £'000
Interest on bank loans	**554**	700
Other interest	**1**	2
Amortisation of debt issue costs	**153**	140
Total interest expense	**708**	842

12. TAX CHARGE ON PROFIT

A) TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
Current tax		
United Kingdom corporation tax charge at 21.5% (2013 – 23.25%) based on the profit for the year	**1,070**	2,055
Adjustments in respect of prior years	**(12)**	(172)
Total current tax	**1,058**	1,883
Deferred tax		
Timing differences, origination and reversal	**88**	(143)
Adjustments in respect of prior years	**83**	69
Effects of change in tax rate	**26**	73
Total deferred tax (note 23)	**197**	(1)
Tax charge on profit	**1,255**	1,882

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 21.5% (2013 – 23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Profit before taxation	**5,510**	6,733
Tax charge on profit at standard rate	**1,185**	1,565
Effects of:		
Disallowed expenses and non-taxable income	**(63)**	125
Non-qualifying depreciation	**100**	89
Effect of change in tax rate	**26**	69
Movement in short term timing differences	**(64)**	133
Adjustments to tax charge in respect of previous periods	**71**	(99)
Total actual amount of tax charge	**1,255**	1,882

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 (2013: £nil).

13. EARNINGS PER SHARE

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

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

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

	Year ended 31 December 2014			Year ended 31 December 2013		
	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	**4,255**	**36,124,298**	**11.78**	4,851	36,085,485	13.44
Effect of dilutive securities						
Options and conditional shares	**–**	**–**	**–**	–	125,272	(0.04)
Earnings per share diluted	**4,255**	**36,124,298**	**11.78**	4,851	36,210,757	13.40

14. DIVIDENDS

	2014 £'000	2013 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2013 of 2.7 pence (2012 – 8.05p) per share	**995**	2,968
Interim dividend for the year ended 31 December 2014 of 2.1 pence (2013 – 2.1p) per share	**774**	770
	1,769	3,738
Amounts proposed and not recognised:		
Proposed final dividend for the year ended 31 December 2014 of 2.7p (2013 –2.7p) per share	**995**	995

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

15. GOODWILL

	Goodwill arising on purchase of subsidiaries £'000	Goodwill arising on trade and asset purchases £'000	Total goodwill £'000
Cost and carrying amount			
At 1 January 2014	14,133	3,605	17,738
Recognised on acquisition of trade and assets	—	—	—
Impairment	—	(31)	(31)
At 31 December 2014	14,133	3,574	17,707

At 31 December 2014, before impairment testing, goodwill of £710,000 was allocated to the stores acquired in 2012. This CGU has 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 £31,000 against goodwill, £9,000 against other intangible assets and £89,000 against property, plant and equipment.

Goodwill acquired in business combinations is allocated as follows:

	2014 £'000	2013 £'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	**679**	710
Stores acquired in 2013	**155**	155
Stores acquired in 2014	**—**	
	17,707	17,738

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 2013	1,677	1,773	3,450
Additions	—	673	673
Disposals	(2)	—	(2)
At 1 January 2014	1,675	2,446	4,121
Additions	—	18	18
Disposals	—	—	—
At 31 December 2014	1,675	2,464	4,139
Amortisation			
At 1 January 2013	1,342	927	2,269
Charge for the year	68	351	419
Impairment	—	33	33
At 1 January 2014	1,410	1,311	2,721
Charge for the year	67	316	383
Impairment	—	9	9
Impairment reversal	—	(30)	(30)
At 31 December 2014	1,477	1,606	3,083
Carrying amount			
At 31 December 2014	198	858	1,056
At 31 December 2013	265	1,135	1,400

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.

17. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold premises £'000	Long leasehold premises £'000	Motor vehicles £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation						
At 1 January 2013	22,022	246	—	3,970	4,314	30,552
Additions	1,759	73	9	112	222	2,175
Disposals	(492)	(108)	—	(185)	(70)	(855)
At 1 January 2014	23,289	211	9	3,897	4,466	31,872
Additions	727	—	13	115	134	989
Disposals	(396)	—	—	(20)	(36)	(452)
At 31 December 2014	23,620	211	22	3,992	4,564	32,409
Accumulated depreciation and impairment						
At 1 January 2013	11,125	143	—	3,174	2,431	16,873
Charge for the year	2,455	22	1	338	369	3,185
Disposals	(366)	(99)	—	(143)	(60)	(668)
Impairment	160	—	—	—	—	160
At 1 January 2014	13,374	66	1	3,369	2,740	19,550
Charge for the year	2,476	25	5	230	351	3,087
Disposals	(237)	—	—	(18)	(16)	(271)
Impairment	89	—	—	—	—	89
At 31 December 2014	15,702	91	6	3,581	3,075	22,455
Carrying amount						
At 31 December 2014	7,918	120	16	411	1,489	9,954
At 31 December 2013	9,915	145	8	528	1,726	12,322

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

18. SUBSIDIARIES

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

19. INVENTORIES

	2014 £'000	2013 £'000
Retail and scrap stock	**29,500**	29,748

Of the retail and scrap stock approximately 98.6% 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

	2014 £'000	2013 £'000
Trade receivables	**40,970**	45,118
Other receivables	**217**	211
Pledge accrued income	**6,067**	6,750
Prepayments and other accrued income	**2,169**	2,043
	49,423	54,122

Trade and other receivables are disclosed net of impairment.

CASH AND CASH EQUIVALENTS

	2014 £'000	2013 £'000
Cash and cash equivalents	**8,250**	8,251

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

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

21. TRADE AND OTHER PAYABLES

	2014 £'000	2013 £'000
Trade payables	**1,505**	1,092
Other taxation and social security costs	**533**	504
Accruals and deferred income	**4,015**	3,742
	6,053	5,338

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 29 days (2013 – 30 days). For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	2014 £'000	2013 £'000
Corporation tax	**328**	1,076

22. BORROWINGS

	2014 £'000	2013 £'000
Secured borrowing at amortised cost		
Bank loans and overdrafts	**1,925**	3,000
Total borrowings due for settlement within one year	**1,925**	3,000
Long term portion of bank loan	**16,000**	26,000
Unamortised issue costs	**(242)**	(395)
Amount due for settlement after more than one year	**15,758**	25,605

The Group entered into a four year Credit Agreement with Lloyds Bank plc on 30 January 2013. This facility for general trading 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 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 2014, 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
There were £153,000 of deferred debt issue costs written off in the period to P&L (2013: £140,000).

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

UNDRAWN BORROWING FACILITIES
At 31 December 2014, the Company had available £32,075,000 (2013: £21,000,000) 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.

	PPE 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 2013	85	157	(652)	(313)	—	(723)
Prior year adjustment	73	—	—	—	—	73
(Credit)/charge to income	(188)	(15)	(51)	180		(74)
Credit to equity	—	—	—	—	—	—
At 1 January 2014	(30)	142	(703)	(133)	—	(724)
Prior year adjustment	83	—	—	—	—	83
(Credit) to income	(200)	(12)	397	(71)	—	114
Debit to equity		—	—	—	—	—
As 31 December 2014	(147)	130	(306)	(204)	—	(527)

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 reduction in the main rate of corporation tax from 21% to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

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

24. PROVISIONS

	Provision for dilapidation and onerous leases £'000
At 1 January 2014	1,158
Additional provision	592
Provision utilised in the year	(260)
At 31 December 2014	1,490

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

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

25. CONTINGENT LIABILITIES

A claim has been made against the Company in respect of a transaction involving the sale of a piece of art to a third party which was ultimately unsuccessful. The claim is that H&T agreed to purchase the item, H&T's position is that it was acting as agent only. H&T considers that the claim is without merit and intends to defend it vigorously. If H&T were to lose this case then we estimate the total cost would be approximately £0.7m.

26. FINANCIAL INSTRUMENTS

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

At 31 December 2014	Fair value through profit or loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Book value total £'000	Fair value total £'000
Financial assets					
Pawnbroking trade receivables	—	43,888	—	43,888	45,698
Cheque Cashing trade receivables	—	—	—	—	—
Other financial services trade receivables	—	3,129	—	3,129	3,129
Other assets	—	256	—	256	256
Cash and cash equivalents	—	8,250	—	8,250	8,250
Financial liabilities					
Trade and other payables	—	—	(6,130)	(6,130)	(6,130)
Borrowings due within one year	—	—	(1,925)	(1,925	(1,925)
Borrowings due more than one year	—	—	(15,758)	(15,758)	(15,758)
Net financial assets/(liabilities)	—	55,523	(23,813)	31,710	33,520

At 31 December 2013	Fair value through profit or loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Book value total £'000	Fair value total £'000
Financial assets					
Pawnbroking trade receivables	—	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	—	5,251	—	5,251	5,251
Financial liabilities					
Trade and other payables	—	—	(4,632)	(4,632)	(4,632)
Borrowings due more than one year	—	—	(25,605)	(25,605)	(25,605)
Net financial assets/(liabilities)	—	57,330	(30,237)	27,093	33,080

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.

26. 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.

(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 1% decrease/increase in the Group's redemption ratio is estimated to impact the pre-tax profit by £90,000/(£90,000). 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; and

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

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

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

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

	£'000
Balance at 1 January 2013	448
Net Consolidated Statement of Comprehensive Income charge	1,059
Written off	(514)
Balance at 31 December 2013	993
Net Consolidated Statement of Comprehensive Income charge	(366)
Written off	61
Balance at 31 December 2014	688

26. FINANCIAL INSTRUMENTS (CONTINUED)

CREDIT RISK (CONTINUED)

PAWNBROKING TRADE RECEIVABLES (CONTINUED)

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

	2014 £'000	2013 £'000
0 – 90 days	**5,949**	7,812
Over 90 days	**1,773**	2,518
Total	**7,722**	10,330

The Group has not provided for the £7,722,000 (2013 – £10,330,000) 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 £43,888,000 (2013 – £49,824,000), being the gross carrying amount net of any amounts offset and any impairment losses.

OTHER TRADE RECEIVABLES

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

Personal Loans and Other Services receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Personal Loans £'000	**Other services £'000**	**Total £'000**
Balance at 1 January 2013	1,046	48	1,094
Net Consolidated Statement of Comprehensive Income charge	27	(383)	(356)
Written off	(422)	369	(53)
Balance at 31 December 2013	651	34	685
Net Consolidated Statement of Comprehensive Income charge	2,626	(1,358)	1,268
Written off	(2,250)	1,351	(899)
Balance at 31 December 2014	1,027	27	1,054

The Group has no overdue but not provided receivables at the reporting date (2013: none). Trade receivables not overdue are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

CASH AND CASH EQUIVALENTS

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

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

	Credit rating	**2014 £'000**	2013 £'000
Barclays Bank plc	A2	**3,729**	3,933
Lloyds Bank plc	A1	**66**	75
The Royal Bank of Scotland plc	Baa1	**151**	335
Cash at stores	—	**4,304**	3,908
		8,250	8,251

26. FINANCIAL INSTRUMENTS (CONTINUED)

MARKET RISK

PAWNBROKING TRADE RECEIVABLES

The collateral which protects the Group from credit risk on non-redemption of pawn loans is 99% (2013 – 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 2014 the cost of goods sold through the retail channel increased 35% to reduce the Group's exposure to 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 2014, the Group also has available £32,100,000 (2013: £24,000,000) 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 30, the business generates a positive cash flow from operating activities and has discretion in its expansion programme should the Group need to improve short term cash flow.

The Group is in full compliance with all loan covenants.

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

Payments due by period	**Less than 30 days £'000**	**30 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 2014								
Floating rate borrowings	26	26	105	163	321	321	16,027	16,989
Trade and other payables	1,505	4,625	—	—	—	—	—	6,130
Total	1,531	4,651	105	163	321	321	16,027	23,119

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

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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

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 2014		
Finance costs: gain/(loss)	**81**	**(160)**
Total pre tax impact on profit from gain/(loss)	**81**	**(160)**
Post tax impact on equity gain/(loss)	**63**	**(126)**
At 31 December 2013		
Finance costs: gain/(loss)	137	(260)
Total pre tax impact on profit from gain/(loss)	137	(260)
Post tax impact on equity gain/(loss)	105	(199)

FINANCIAL ASSETS

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

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

27. SHARE CAPITAL

	2014 £'000	2013 £'000
Issued and fully paid		
36,856,264 (2013 – 36,856,264) ordinary shares of £0.05 each	**1,843**	1,843

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

In 2014 there were no issue of shares.

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.

Options over shares of the Company are disclosed in note 28. Under these share option arrangements, there are 1,585,477 (2013 – 1,648,484) open options over shares.

EMPLOYEE BENEFIT TRUST SHARES RESERVE

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

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

27. SHARE CAPITAL (CONTINUED)

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

GEARING RATIO

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

Gearing ratio	2014 £'000	2013 £'000
Debt	17,925	29,000
Cash and cash equivalents	(8,250)	(8,251)
Net debt	9,675	20,749
Equity	90,863	88,128
Net debt to equity ratio	10.6%	23.5%

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.

28. SHARE-BASED PAYMENTS

As at 31 December 2014, the Company operated three share award schemes. The charge for the year in respect of all schemes was:

	2014 £'000	2013 £'000
A. Approved Share Option Scheme	68	91
B. Unapproved Share Option Scheme	3	13
C. Long-term Incentive Plan	178	134
	249	238

Awards that can be granted under the three schemes total a maximum of 3,685,626 shares (2013 – 3,685,626 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	40,351	15/05/2011	14/05/2018
ASOS 2009	April 2009	194.0	57,211	30/04/2012	29/04/2019
ASOS 2010	April 2010	245.5	119,234	19/04/2013	18/04/2020
ASOS 2011	April 2011	298.5	138,776	18/04/2014	17/04/2021
ASOS 2012	March 2012	297.0	170,118	29/03/2015	28/03/2022
ASOS 2013	March 2013	292.25	195,285	28/03/2016	27/03/2023

28. SHARE-BASED PAYMENTS (CONTINUED)

A. APPROVED SHARE OPTION SCHEME ('ASOS') (CONTINUED)

The Group did not issue any share options during 2014. For the 2013 an external valuation firm has calculated the fair value of the options granted 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
Fair value at measurement date	46.20 pence
Weighted average share price	292.25 pence
Weighted average exercise price	292.25 pence
Expected volatility	27.6%
Expected life	6.5 years
Risk-free rate	1.068%
Expected dividends	4.1%

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 2013 has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

	Number of share options	**2014 Weighted average exercise price (in pence)**	Number of share options	2013 Weighted average exercise price (in pence)
Outstanding at beginning of period	**814,564**	**268.1**	732,330	261.2
Granted during the period	**—**	**—**	254,703	292.3
Forfeited during the period	**(40,085)**	**278.5**	(166,276)	277.6
Exercised during the period	**—**	**—**	(6,193)	194.0
Outstanding at the end of the period	**774,479**	**267.5**	814,564	268.1
Exercisable at the end of the period	**409,076**	**243.44**	278,901	215.28

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.

28. 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 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	8,730	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

The Group did not issue any share options during 2014. For the 2013 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
Fair value at measurement date	46.20 pence
Weighted average share price	292.25 pence
Weighted average exercise price	292.25pence
Expected volatility	27.6%
Expected life	6.5 years
Risk-free rate	1.068%
Expected dividends	4.1%

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 2013 has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

	2014 Number of share options	**2014** Weighted average exercise price (in pence)	2013 Number of share options	2013 Weighted average exercise price (in pence)
Outstanding at beginning of period	**833,920**	**214.7**	932,354	218.5
Granted during the period	**—**	**—**	36,119	292.3
Forfeited during the period	**(22,952)**	**298.5**	(134,553)	262.0
Exercised during the period	**—**	**—**	—	—
Outstanding at the end of the period	**810,968**	**212.4**	833,920	214.7
Exercisable at the end of the period	**772,779**	**208.3**	764,049	207.3

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28. 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.

	Grant date	Earliest date of exercise	Expiry date
LTIP 2012	Apr 2012	190,497	17/04/2015
LTIP 2013	Mar 2013	198,513	28/03/2016

The Group did not issue any conditional shares during 2014. For the 2013 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 were as follows:

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

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.

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

	Number of share options	2014 Weighted average exercise price (in pence)	Number of share options	2013 Weighted average exercise price (in pence)
Outstanding at beginning of period	**556,858**	**—**	505,658	—
Granted during the period	**—**	**—**	263,815	—
Forfeited during the period	**(103,866)**	**—**	(212,615)	—
Exercised during the period	**(63,982)**	**—**	—	—
Outstanding at the end of the period	**389,010**	**—**	556,858	—

29. OPERATING LEASE ARRANGEMENTS

THE GROUP AS LESSEE

	2014 £'000	2013 £'000
Minimum lease payments under operating leases recognised as an expense in the year	**6,643**	7,004

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	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Within one year	**6,293**	6,296	**115**	138
In the second to fifth years inclusive	**17,569**	16,545	**175**	154
After five years	**12,359**	13,564	**—**	—
	36,221	36,405	**290**	292

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

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

30. NOTES TO THE CASH FLOW STATEMENT

	2014 £'000	2013 £'000
Profit for the financial year	**4,255**	4,851
Adjustments for:		
Investment revenues	**(1)**	(1)
Finance costs	**708**	842
Movement in provisions	**332**	640
Tax expense – Consolidated Statement of Comprehensive Income	**1,255**	1,882
Depreciation of property, plant and equipment	**3,087**	3,185
Amortisation of intangible assets	**383**	419
Impairment	**99**	517
Share-based payment expense	**246**	238
Loss on disposal of property, plant and equipment	**181**	187
Operating cash flows before movements in working capital	**10,545**	12,760
Decrease/(increase) in inventories	**405**	(3,359)
Decrease in receivables	**4,941**	10,970
Decrease/(increase) in payables	**846**	(731)
Cash generated from operations	**16,737**	19,640
Income taxes paid	**(1,806)**	(3,009)
Debt restructuring cost	**—**	(535)
Interest paid	**(558)**	(691)
Net cash generated from operating activities	**14,373**	15,405

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

31. RELATED PARTY TRANSACTIONS

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

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

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

	2014 £'000	2013 £'000
Short-term employee benefits	**867**	1,082
Pension contributions	**56**	71
Share-based payments	**95**	123
	1,018	1,276

32. CAPITAL COMMITMENTS

There is no significant capital expenditure authorised and contracted for but not provided in the accounts (2013 – £nil).

33. EVENTS AFTER THE BALANCE SHEET DATE

The directors have proposed a final dividend for the year ended 31 December 2014 of 2.7p (2013 – 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 2014 which comprise the Parent Company Balance Sheet, the Parent 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 2014 and for company's loss for year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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 2014.

Ian J Smith

IAN J SMITH FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

4 March 2015

COMPANY BALANCE SHEET

At 31 December 2014

	Note	2014 £'000	2013 £'000
Property, plant and equipment			
Investments	C	**1,375**	1,129
		1,375	1,129
Current assets			
Debtors	D	**61,587**	61,589
Cash at bank and in hand		**46**	46
		61,633	61,635
Creditors: amounts falling due within one year	E	**(16,306)**	(14,366)
Net current assets		**45,327**	47,269
Total assets less current liabilities		**46,702**	48,398
Net assets		**46,702**	48,398
Capital and reserves			
Called up share capital	F	**1,843**	1,843
Share premium account		**25,409**	25,409
Employee Benefit Trust shares reserve		**(35)**	(38)
Share option reserve		**1,375**	1,129
Profit and loss account		**18,110**	20,055
Total shareholders' funds		**46,702**	48,398

The financial statements of H&T Group plc, registered number 05188117, were approved by the board of directors and authorised for issue on 4 March 2015.

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

For the year ended 31 December 2014

2014 Company	**Note**	**Share capital £'000**	**Share premium account £'000**	**Employee benefit trust shares reserve £'000**	**Share option reserves £'000**	**Profit and loss account £'000**	**2014 Total £'000**
At 1 January		1,843	25,409	(38)	1,129	20,055	48,398
Profit for the financial year		—	—	—	—	(176)	(176)
Dividend paid		—	—	—	—	(1,769)	(1,769)
Issue of share capital	F	—	—	—	—	—	—
Employee Benefit Trust shares		—	—	3	—	—	3
Share option credit taken directly to equity		—	—	—	246	—	246
At 31 December		1,843	25,409	(35)	1,375	18,110	46,702

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2014

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.

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 loss after taxation of £176,000 in 2014 (2013: profit of £19,838,000). The key movement in 2014 relates to dividend income of £20,000,000 received in 2013 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 (2013: £nil). Other than the directors, the Company has no employees in either financial year.

C. INVESTMENTS

	Total £'000
Cost	
At 1 January 2014	1,129
Additions	246
At 31 December 2014	1,375

Within the cost at 1 January 2014 includes cost of shares in subsidiary undertakings of £1.

Additions in the year represent capital contributions in relation to share options issued to employees. Please refer to note 28 on page 61.

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. H&T Group plc is also incorporated in Great Britain.

D. DEBTORS

	2014 £'000	2013 £'000
Amounts owed by subsidiary companies	**61,565**	61,565
Prepayments and accrued income	**22**	24
	61,587	61,589

E. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to subsidiary companies	**16,121**	14,212
Accruals and deferred income	**185**	154
	16,306	14,366

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

STORE DIRECTORY

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

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

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

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

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

BOOTLE
156 Parkside
Strand Shopping Centre
L20 4XX
Tel: 0151 922 0978

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DALSTON
52 Kingsland High 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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HULL
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

STORE DIRECTORY CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SOUTHALL
10 King Street, UB2 4DA
Tel: 020 8843 9027

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

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

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

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

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

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

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

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

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

STOKE 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

WALLSEND
28 High Street East, NE28 8PQ
Tel: 0191 234 5769

WALSALL
8 The Bridge, WS1 1LR
Tel: 01922 638 501

WALTHAMSTOW
234 High Street, E17 7JH
Tel: 020 8521 8156

WALTON VALE
27 Walton Vale, Liverpool, L9 4RE
Tel: 0151 525 5182

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

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

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

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

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

WEMBLEY
544 High Road, HA0 2AA
Tel: 020 8795 5811

WEST BROMWICH
64 Kings Square (High Street),
Sandwell Centre, 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

NOTES

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