

Company Registration No. 5188117

H&T Group Limited

Report and Financial Statements

31 December 2005



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COMPANIES HOUSE 20/04/2006

H&T Group Limited

Report and financial statements 2005

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H&T Group Limited

Report and financial statements 2005

Officers and professional advisers

Directors: Non-Executive

P Middleton	Chairman
B Slatter	
P Cartwright	

Executive

J G Nichols	Chief Executive Officer
S Fenerty	Commercial Director
L P Genthialon	Finance Director

Secretary

L P Genthialon

Registered Office

Times House
Throwley Way
Sutton SM1 4AF

Bankers

Barclays Bank plc
54 Lombard Street
London EC3V 9EX

HSBC
31 Holborn
London
EC1N 2HR

Solicitors

Eversheds
Senator House
85 Queen Victoria Street
London EC4V 4JL

Independent Auditors

Deloitte & Touche LLP
Chartered Accountants
Crawley

H&T Group Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The Company is a non-trading holding company.

The Company owns H&T Finance Limited and indirectly owns Harvey & Thompson Limited which is principally engaged in pawnbroking, the retail of jewellery and cheque cashing. H&T Finance Limited is a provider of finance to the Group.

The subsidiary undertakings are fully consolidated.

Review of developments and future prospects

Both the level of business and the year-end financial position remain satisfactory, and the directors expect that the present level of activity will increase in the foreseeable future.

The comparative figures cover the period from 23 July 2004 to 31 December 2004.

Results and dividends

The Group results for the year are set out on page 6. The Group and Company position at year end is set out on page 7.

The directors do not recommend the payment of a dividend (2004 - £nil).

Financial instruments

The Group is subject to cash flow risk in terms of its interest payments. In order to manage this risk, the directors have entered into a floating to fixed rate interest swap, the details of which are disclosed in note 17. The directors do not consider that the Group is subject to other risks that can be mitigated by the use of financial instruments.

The Group is exposed to liquidity risk which it manages through the borrowings disclosed in note 16, with additional available funds under its current loan agreements.

The Group is subject to credit risk in its lending arrangements. The majority of lendings are secured by pledged assets such that the residual risk is not considered to be sufficiently significant to require mitigating by means of financial instruments. The Group operational procedures are considered to be sufficient to address these risks.

Directors and their interests

The directors who served throughout the year, unless otherwise stated, were as follows:

P Middleton

B Slatter

P Cartwright

J G Nichols

S Fenerty (appointed 28 February 2005)

L P Genthialon (appointed 1 June 2005)

J Hughes (resigned 31 March 2005)

H&T Group Limited

Directors' report (continued)

Directors and their interests

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

Director	Type of share	At 1 January 2005 No.	Acquired in the year No.	Disposed of in the year No.	At 31 December 2005 No.
J G Nichols	B-Class ordinary £1 shares	70,000	-	-	70,000
S Fenerty	C-Class ordinary £1 shares	-	20,000	-	20,000
L P Genthialon	B-Class ordinary £1 shares	-	40,000	-	40,000

None of the directors hold any interests in the shares of any other company within the H&T Group Limited group.

Personnel

Harvey & Thompson Limited, the Group's main trading entity maintains a policy of equal opportunities and is committed to ensuring that all individuals are treated fairly, with respect and are valued. Employees of the Company are regularly consulted by local managers and kept informed of matters affecting them and the overall development of the Company.

Employment of the Disabled

It is the policy of the Company 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 Company's employment.

Independent Auditors

Deloitte & Touche LLP were appointed as auditors of the Company subsequent to the year end, to replace PricewaterhouseCoopers LLP, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



J G Nichols
Chief Executive Officer

2 March 2006

H&T Group Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Independent auditors' report to the members of H&T Group Limited

We have audited the financial statements of H&T Group Limited for the year ended 31 December 2005 which comprise the consolidated profit and loss account, the balance sheets, consolidated cash flow statement and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

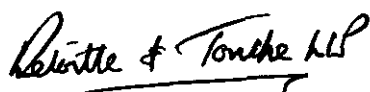
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practices, of the state of the Company's and the Group's affairs as at 31 December 2005 and of the profit of the Group for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Crawley

2 March 2006

H&T Group Limited

Consolidated profit and loss account Year ended 31 December 2005

		Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
	Note		
Turnover	2	29,638	9,572
Cost of sales		(9,576)	(2,990)
Gross profit		20,062	6,582
Administrative expenses		(14,354)	(4,831)
Operating profit	4	5,708	1,751
Profit on disposal of fixed assets	5	898	-
Interest receivable and similar income		16	5
Interest payable and similar charges	6	(5,860)	(1,812)
Profit/(loss) on ordinary activities before taxation		762	(56)
Tax on profit/(loss) on ordinary activities	7	(441)	(134)
Profit/(loss) for the financial year/period	21	321	(190)

All the results derive from continuing operations.

The consolidated Group has no further recognised gains and losses for the current financial year or preceding financial period other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.


H&T Group Limited

Balance sheets 31 December 2005

	Note	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Fixed assets					
Intangible assets	9	14,346	14,440	-	-
Tangible assets	10	5,144	5,433	-	-
Investments	11	-	-	-	-
		<u>19,490</u>	<u>19,873</u>	<u>-</u>	<u>-</u>
Current assets					
Stocks	12	3,373	3,600	-	-
Debtors	13	31,526	28,453	1,000	1,000
Cash at bank and in hand		1,434	622	-	-
		<u>36,333</u>	<u>32,675</u>	<u>1,000</u>	<u>1,000</u>
Creditors: amounts falling due within one year	14	(3,569)	(4,718)	-	-
Net current assets		<u>32,764</u>	<u>27,957</u>	<u>1,000</u>	<u>1,000</u>
Total assets less current liabilities		<u>52,254</u>	<u>47,830</u>	<u>1,000</u>	<u>1,000</u>
Creditors: amounts falling due after more than one year	15	(50,990)	(46,862)	-	-
Provisions for liabilities and charges	18	(133)	(158)	-	-
Net assets		<u>1,131</u>	<u>810</u>	<u>1,000</u>	<u>1,000</u>
Capital and reserves					
Called up share capital	20	1,000	1,000	1,000	1,000
Profit and loss account	21	131	(190)	-	-
Total equity shareholders' funds	21	<u>1,131</u>	<u>810</u>	<u>1,000</u>	<u>1,000</u>

These financial statements were approved by the Board of Directors on 2nd March 2006.

Signed on behalf of the Board of Directors



J G Nichols
Chief Executive Officer

H&T Group Limited

Consolidated cash flow statement Year ended 31 December 2005

	Note	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
Net cash inflow from operating activities	24	5,421	1,861
Returns on investments and servicing of finance			
Interest received		16	5
Interest paid		(2,850)	(793)
Net cash outflow from returns on investments and servicing of finance		(2,834)	(788)
Taxation – corporation tax paid		(806)	(99)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(910)	(386)
Sale of tangible fixed assets		1,074	-
Net cash inflow/(outflow) from capital expenditure and financial investment		164	(386)
Acquisitions and disposals			
Purchase of unincorporated businesses	23	(636)	-
Purchase of subsidiary		-	(45,634)
Cash/(overdraft) acquired with unincorporated business/subsidiary		3	(3,610)
Net cash outflow from acquisitions and disposals		(633)	(49,244)
Net cash inflow/(outflow) before financing		1,312	(48,656)
Financing			
Issue of ordinary shares		-	1,000
New borrowings		500	49,778
Repayment of borrowings		(1,000)	-
Net cash (outflow)/inflow from financing		(500)	50,778
Increase in cash in the year	25, 26	812	2,122

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Interest receivable on secured and unsecured loans is recognised in turnover on an accruals basis less provision for interest on loans not expected to be redeemed in full.

Revenue from retail jewellery sales, of both purchased stock and from the sale of pledged security from unredeemed pawn loans, is recognised at the time of sale. Commission receivable on cheque cashing and related services is recognised on a net basis immediately.

Purchased goodwill

Purchased goodwill representing the excess of the fair value of the consideration paid over the aggregate of the fair values of the separable net assets acquired, is amortised over a period of 20 years, on a straight line basis, over the period in which a benefit is expected to arise.

Tangible fixed assets

The cost of tangible fixed assets is the purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal useful economic lives used for this purpose are:

Freehold buildings	50 years
Freehold improvements	10 years
Leasehold improvements	Shorter of 7 years or life of lease
Motor vehicles	4 years
Fixtures and fittings	10 years
Computer hardware	5 years
Bespoke computer software	8 years
Computer software	3 years

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Stocks

Stocks are stated at the lower of cost and net realisable value. For stock arising from unredeemed pledges the cost represents the amount originally loaned less repayments, if any, plus any remanufacturing costs. For stock acquired for retail sale the cost represents the purchase price. Where necessary provision is made for obsolete, slow moving and damaged stocks.

H&T Group Limited

Notes to the accounts

Year ended 31 December 2005

1. Accounting policies (continued)

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The Company operates a defined contribution pension scheme which is contracted into the State Scheme. The Company's share of contributions is charged to the profit and loss account on an accruals basis.

Debt issue costs

All borrowings are initially stated at the consideration received less issue costs incurred. Issue costs are charged to the profit and loss account over the shortest term of the loan facility, so as to give a constant periodic rate of charge on capital repayments outstanding.

Capital instruments

The long-term debt is held at the true net proceeds. Interest is calculated based on the stipulated rate in the specific agreement.

2. Turnover

The directors are of the opinion that the disclosure of turnover by segment would be seriously prejudicial to the business and accordingly have taken the exemption available under SSAP 25 "Segmental Reporting" not to provide this disclosure. All turnover, however, relates to sales made in the United Kingdom for both the year ended 31 December 2005 and the period 23 July 2004 to 31 December 2004.

3. Information regarding directors and employees

Non-Executive Directors' emoluments

One non executive director receives payments for services rendered to the H&T Group Limited group. His emoluments are included in the analysis below:

	Year ended 31 December Group 2005 £'000	Period from 23 July 2004 to 31 December Group 2004 £'000
Directors' emoluments		
Aggregate emoluments	688	136
Compensation for loss of office	30	-
Company pension contributions to money purchase schemes	26	4

H&T Group Limited

Notes to the accounts

Year ended 31 December 2005

3. Information regarding directors and employees (continued)

All executive directors (2004-all) participated in Harvey & Thompson Limited's money purchase pension scheme.

	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
Highest paid director		
Aggregate emoluments	201	71
Company pension contributions to money purchase scheme	5	2

	Year ended 31 December 2005 Group No.	Year ended 31 December 2005 Company No.	Period from 23 July 2004 to 31 December 2004 Group No.	Period from 23 July 2004 to 31 December 2004 Company No.
Average number of persons employed (including directors)				
Branches	285	-	290	-
Administration	36	7	28	2
		7	318	2

	Year ended 31 December 2005 Group £'000	Period from 23 July 2004 to 31 December 2004 Group £'000
Staff costs during the year/period (including executive directors)		
Wages and salaries	5,586	1,791
Social security costs	561	158
Other pension costs (see note 19)	76	18
	6,223	1,967

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

4. Operating profit

	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
Operating profit is stated after charging/(crediting):		
Depreciation charge on owned tangible fixed assets	1,361	452
Amortisation charge on intangible fixed assets	776	240
Profit on disposal of fixed assets	(20)	-
Operating leases		
Land and buildings	1,562	470
Other	24	8
Auditors' remuneration		
Current auditor:		
audit fees	48	-
other services	6	-
Previous auditor:		
audit fees	20	19
other services	25	1

5. Profit on disposal of fixed assets

During the financial year, the Group disposed of three freehold properties, two of which were leased back under operating leases. The Group has applied the provisions of both SSAP 21 "Accounting for leases and hire purchase contracts" and FRS 5 "Reporting the substance of transactions" to the sale and leaseback transactions and recorded the full profit on disposal on an historic cost basis. In arriving at this treatment, the directors concluded that the disposal proceeds and subsequent rentals are at fair market amounts.

The profit on disposal of the freehold properties has been arrived at as follows:

	£'000
Sale proceeds	1,045
Costs of disposal	(37)
Net book value of freehold properties	(110)
Profit on disposal	898

There were no such transactions in the prior period.

The corporation tax payable in respect of the disposal of the properties is £250,000.

6. Interest payable and similar charges

	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
Interest payable on bank loans and overdraft	3,023	955
On other loans (note 27)	2,273	653
Other interest	29	-
Amortisation of debt issue costs	535	204
	5,860	1,812

H&T Group Limited

Notes to the accounts

Year ended 31 December 2005

7. Tax on profit/(loss) on ordinary activities

(a) Tax on profit/(loss) on ordinary activities

	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
Current tax		
United Kingdom corporation tax at 30% (2004 - 30%) based on the profit for the period	481	151
Adjustments in respect of prior periods	(104)	-
Total current tax	377	151
Deferred tax		
Short term timing differences, origination and reversal	64	(17)
Total deferred tax (note 17)	64	(17)
Tax on profit/(loss) on ordinary activities	441	134

(b) Factors affecting current tax charge for the year

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK 30% (2004 - 30%). The differences are explained below:

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities before taxation	762	(56)
Tax on profit/(loss) on ordinary activities at standard rate	229	(17)
Effects of:		
Disallowed expenses and non-taxable income	348	151
Capital allowances and other timing differences	(82)	17
Short term timing differences	9	-
Disposal of properties	(23)	-
Adjustments to tax charge in respect of previous periods	(104)	-
Total actual amount of current tax	377	151

8. Company profit and loss account

No profit and loss account is presented for the parent company pursuant to section 230 of the Companies Act 1985. The parent company has not traded in the current year or preceding period and accordingly the result is £nil (2004 - £nil).

The auditors' remuneration for the current year and previous period is borne by a subsidiary undertaking.

No emoluments were paid to the directors by the Company (2004 - £nil).

The directors were paid by Harvey & Thompson Limited, a subsidiary company of H&T Group Limited.

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

9. Intangible fixed assets

Group	Goodwill arising on consolidation £'000	Purchased Goodwill £'000	Total Goodwill £'000
Cost			
At 1 January 2005	14,680	-	14,680
Adjustments to fair value of asset and liabilities acquired (see below)	530	-	530
Adjustments to issue cost (see below)	(66)	-	(66)
Additions (note 23)	-	218	218
At 31 December 2005	15,144	218	15,362
Accumulated amortisation			
At 1 January 2005	240	-	240
Charge for the year	771	5	776
At 31 December 2005	1,011	5	1,016
Net book value			
At 31 December 2005	14,133	213	14,346
At 31 December 2004	14,440	-	14,440

The provisional goodwill relating to the purchase of shares in Harvey & Thompson Limited through H&T Finance Limited has been adjusted by fair value adjustments as follows:

	Provisional fair values £'000	Subsequent fair value adjustment £'000	Adjusted fair value £'000
Assets and liabilities acquired			
Tangible fixed assets	5,499	(296)	5,203
Stocks	3,686	-	3,686
Debtors	27,120	(461)	26,659
Net cash/(overdraft)	(3,610)	-	(3,610)
Creditors	(989)	-	(989)
Corporation tax payable	(577)	138	(439)
Deferred tax	(175)	89	(86)
	30,954	(530)	30,424
Considerations			
Cash	(44,357)	-	(44,357)
Expenses	(1,277)	66	(1,211)
	(45,634)	66	(45,568)
Goodwill arising on consolidation	14,680	464	15,144

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

9. Intangible fixed assets (continued)

The prior period financial statements included provisional fair value adjustments with respect to fixed assets. The fair value adjustments were not finalised as at 31 December 2004 although this fact was not disclosed in the 31 December 2004 financial statements. In accordance with FRS 6 'Acquisitions and mergers', the Group has adjusted the fair values of certain items.

The fair value adjustments made relate to the finalisation of the fair value exercise undertaken with respect to the EPOS system in use at acquisition and the recoverability of certain receivables, namely VAT balances, the recoverability of which could not be assessed until a full reconciliation had been undertaken. The adjustments have been tax affected.

10. Tangible fixed assets

Group	Freehold land and buildings £'000	Short leasehold premises £'000	Motor vehicles £'000	Computer systems £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 1 January 2005	810	4,660	358	2,979	2,441	11,248
Fair value adjustment (note 9)	-	-	-	(296)	-	(296)
Additions	-	1,119	-	243	163	1,525
Reallocations	(580)	580	-	-	-	-
Disposals	(143)	-	(143)	(84)	(8)	(378)
At 31 December 2005	87	6,359	215	2,842	2,596	12,099
Accumulated depreciation						
At 1 January 2005	321	2,314	128	1,962	1,090	5,815
Charge for the year	52	585	84	405	235	1,361
Reallocations	(311)	311	-	-	-	-
Disposals	(33)	-	(101)	(84)	(3)	(221)
At 31 December 2005	29	3,210	111	2,283	1,322	6,955
Net book value						
At 31 December 2005	58	3,149	104	559	1,274	5,144
At 31 December 2004	489	2,346	230	1,017	1,351	5,433

As disclosed in note 5, certain freehold land and buildings were sold and leased back during the year. The profit on disposal has been accounted for under the provision of both SSAP21 'Accounting for Leases and hire purchase contracts' and FRS5 'Reporting the substance of transactions'.

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

11. Investments held as fixed assets

Company

Shares in Group undertakings

Total
£'000

Cost

At 1 January 2005 and 31 December 2005

-

The investments in Group companies are as follows:

Name of company	Country of incorporation	Proportion of ordinary shares held :		Principal activity
		Directly	Indirectly	
H&T Finance Limited	Great Britain	100%	-	Management of finance
Harvey & Thompson Limited	Great Britain	-	100%	Pawnbroking and jewellery sales

12. Stocks

	Group 2005 £'000	Group 2004 £'000
Gold and jewellery	3,373	3,600

13. Debtors

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Trade debtors	26,752	24,206	-	-
Amounts owed by subsidiary company	-	-	1,000	1,000
Other debtors	86	161	-	-
Prepayments and accrued income	4,688	4,086	-	-
	<u>31,526</u>	<u>28,453</u>	<u>1,000</u>	<u>1,000</u>

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

14. Creditors: amounts falling due within one year

	Group 2005 £'000	Group 2004 £'000
Short term portion of bank loan (note 16)	1,500	3,030
Unamortised issue costs	(518)	(595)
Net short-term portion of bank loans	982	2,435
Trade creditors	859	575
Corporation tax	73	629
Other taxation and social security costs	239	125
Accruals and deferred income	1,416	954
	<u>3,569</u>	<u>4,718</u>

15. Creditors: amounts falling due after more than one year

	Group 2005 £'000	Group 2004 £'000
Bank loan (note 16)	34,365	33,133
Unamortised issue costs	(801)	(1,424)
Net long-term portion of bank loans	33,564	31,709
The Rutland Fund loan note (note 16)	17,426	15,153
	<u>50,990</u>	<u>46,862</u>

16. Borrowings

The maturity profile of the carrying amount of Group borrowings as at 31 December is as follows:

	2005		2004	
	Bank loans £'000	Rutland loan notes £'000	Bank loans £'000	Rutland loan notes £'000
Due within one year	1,500	-	3,030	-
Due within one to two years	20,600	-	2,000	-
Due within two to five years	8,500	-	26,071	-
Due after five years	5,265	17,426	5,062	15,153
	<u>35,865</u>	<u>17,426</u>	<u>36,163</u>	<u>15,153</u>
Deferred debt issue costs	(1,319)	-	(2,019)	-
	<u>34,546</u>	<u>17,426</u>	<u>34,144</u>	<u>15,153</u>

H&T Group Limited

Notes to the accounts

Year ended 31 December 2005

16. Borrowings (continued)

Bank Loans

The bank borrowings of the Group are available under agreements which provide various loan facilities. Currently, the Group has borrowings under a senior debt loan (Facility A), a revolver loan (Facility B) and a Mezzanine Credit Agreement.

The Facility A Loan, repayable in instalments up to 8 September 2010, has an interest rate of LIBOR plus a margin of not more than 2.25%. A margin ratchet, offering reduced interest rates, may come into force from 31 December 2005 depending on the Group meeting ratios as stipulated in the Credit Agreement. The lowest Facility A margin achievable is LIBOR plus 1.75%. The margin ratchet may not fall below LIBOR plus 2.00% before 30 April 2006. As at 31 December 2005, the balance on the Facility A loan, including short-term, was £12,000,000 (2004 - £13,000,000).

The Facility B Loan has an interest of LIBOR plus a margin of 2.00%. This loan is secured on the Loan Book of Harvey & Thompson Limited. The loan is repayable by 8 September 2007. As at 31 December 2005, the balance on the Facility B Loan was £18,600,000 (2004 - £18,100,000).

The Mezzanine Credit Agreement has an annual interest rate of LIBOR plus 8%. As at 31 December 2005, the balance on this loan was £5,264,657 (2004 - £5,062,000). 4% of the interest margin over LIBOR is compounded with the loan principal and is repayable when the loan principal is repaid. The loan is repayable in full by 8 September 2011.

Interest due on the loan agreements, other than the component disclosed with respect to the Mezzanine Credit Agreement is payable at each interest period end. Amounts outstanding at the year end are included in accruals.

All loans, with the exception of the Facility B Loan, are secured with a floating charge over the remaining assets of the companies in the H&T Group Limited group.

Rutland Loan Notes

The Rutland Fund loan note accrues interest at the rate of 15% per annum, which under certain circumstances rolls up into the principal loan amount. Both the loan note principal of £14,500,000 (2004 - £14,500,000) and the interest are unsecured and repayable by 8 September 2011. In the year £2,273,000 (2004 - £653,000) of interest on the loan note has been capitalised (note 26).

Deferred Debt Issue Costs

The movement in the deferred debt issue costs of £700,000 exceeds the consolidated profit and loss account charge due to a revision of £165,000 to the estimate of accrued debt issue costs as at 31 December 2004.

17. Financial Instruments

The Group manages cash flow risk by means of a floating to fixed interest rate swap arranged through Barclays Bank Plc. This instrument fixes the LIBOR element of the interest cost portion of the bank loans (disclosed in note 16) to 5.35%. The agreement terminates on 29 September 2007. The instruments cover a decreasing loan balance, with £31,147,000 covered at 31 December 2005, decreasing to £29,013,000 at 28 September 2007. The fair value of the instrument at 31 December 2005 is £428,000 payable.

The Group manages liquidity risk by means of the borrowings disclosed in note 16. The available borrowing facilities of the Group under the current bank loan and overdraft agreements amount to £41,122,000 (2004 - £42,622,000).

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

18. Provisions for liabilities and charges

	Group £'000	
Deferred taxation		
At 1 January 2005		158
Charge to profit and loss account (note 7)		64
Arising on adjustments to goodwill (note 9)		(89)
		<hr/>
At 31 December 2005		133
		<hr/>
	2005	2004
	£'000	£'000
Short term timing differences	18	-
Excess of capital allowances over depreciation	115	158
	<hr/>	<hr/>
	133	158
	<hr/>	<hr/>

19. Pension costs

The Group operates a self-administered pension scheme providing money purchase benefits based on the contributions paid to the Scheme. The assets of the Scheme are held separately from those of the Group.

The total pension cost for the Group during the year/period was £76,000 (2004 - £18,000). Outstanding pension contributions at 31 December 2005 amounted to £13,000 (2004 - £9,000).

20. Called up share capital

	Company 2005 £'000	Company 2004 £'000
Authorised:		
Ordinary A-Class shares of £1 each	830	830
Ordinary B-Class shares of £1 each	110	110
Ordinary C-Class shares of £1 each	60	60
Ordinary D-Class shares of £1 each	42	42
	<hr/>	<hr/>
	1,042	1,042
	<hr/>	<hr/>
Allotted, called up and fully paid		
Ordinary A-Class shares of £1 each	830	830
Ordinary B-Class shares of £1 each	110	110
Ordinary C-Class shares of £1 each	60	60
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

All classes of shares rank pari passu in all respects.

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

21. Combined reconciliation of movement in equity shareholders' funds and statement of movements on reserves

	Share capital £'000	Profit and loss account £'000	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
Group				
At beginning of year/period	1,000	(190)	810	1,000
Retained profit/(loss) for the year/period	-	321	321	(190)
At 31 December	1,000	131	1,131	810

	Share capital £'000	Profit and loss account £'000	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
Company				
At beginning of year/period	1,000	-	1,000	1,000
Result for the year/period	-	-	-	-
At the end of year/period	1,000	-	1,000	1,000

22. Financial commitments

At 31 December 2005 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Leases which expire:				
Within one year	108	54	-	-
Within two to five years	489	314	24	24
After five years	1,103	768	-	-
	1,700	1,136	24	24

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

23. Acquisitions

The Group made the following acquisitions during the year:

	Acquisition 1 £'000	Acquisition 2 £'000	Acquisition 3 £'000	Total £'000
Assets acquired:				
Fixtures & fittings	10	20	51	81
Retail stock	222	-	7	229
Debtors	35	61	9	105
Cash	-	-	3	3
Total assets acquired	267	81	70	418
Consideration:				
Cash	390	145	101	636
Total consideration	390	145	101	636
Goodwill	123	64	31	218

Acquisition 1

On 16 May 2005, the Company reached agreement to acquire the trade and assets of an independent jeweller and pawnbroker. The directors consider the book values to be the fair value of those assets and liabilities acquired. There are no material cash flows relating to the acquisition.

Acquisition 2

On 17 October 2005, the Company reached agreement to acquire the trade and assets of an independent jeweller and pawnbroker. The directors consider the book values to be the fair value of those assets and liabilities acquired. There are no material cash flows relating to the acquisition.

Acquisition 3

On 15 November 2005, the Company reached agreement to acquire the trade and assets of an independent jeweller, pawnbroker and cheque casher. The directors consider the book values to be the fair value of those assets and liabilities acquired. There are no material cash flows relating to the acquisition.

No information is provided on the pre-acquisition trading of the above business as this is not available.

The results of the businesses acquired are not material to warrant separate disclosure on the face of the consolidated profit and loss account.

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Notes to the accounts Year ended 31 December 2005

24. Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
Continuing operations		
Operating profit	5,708	1,751
Amortisation of intangible fixed assets	776	240
Profit on disposal of fixed assets	(20)	-
Depreciation of tangible fixed assets	1,361	452
Decrease in stock	456	86
Increase in debtors	(3,429)	(1,332)
Increase in creditors	569	664
Net cash inflow from operating activities	<u>5,421</u>	<u>1,861</u>

25. Reconciliation of movement in net debt

	1 January 2005 £'000	Cash movements £'000	Non-cash movements £'000	31 December 2005 £'000
Cash	622	812	-	1,434
Short-term loans	(3,030)	1,000	530	(1,500)
	<u>(2,408)</u>	<u>1,812</u>	<u>530</u>	<u>(66)</u>
Long-term loans	(48,286)	(500)	(3,005)	(51,791)
	<u>(50,694)</u>	<u>1,312</u>	<u>(2,475)</u>	<u>(51,857)</u>

The non-cash items include unpaid interest and movements to reflect the repayment date of borrowings

H&T Group Limited

Notes to the accounts Year ended 31 December 2005

26. Reconciliation of net cash flow to movement in net debt

	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
Increase in cash for the year/period	812	2,122
Net cash outflow/(inflow) from decrease/(increase) in debt	500	(52,141)
Capitalised interest	(2,475)	(675)
Movement in net debt in the year/period	(1,163)	(50,694)
Net debt at start of the year/period	(50,694)	-
Net debt at end of year/period	(51,857)	(50,694)

27. Transactions with Related Parties

The Group has taken advantage of the exemption under FRS 8 not to disclose intra Group transactions which are eliminated on consolidation. Transactions with directors are disclosed in the directors' report. Other material related party transactions are set out below:

Balances at 31 December:

Related Party	Nature of Balance	2005 £'000	2004 £'000
The Rutland Fund	Loans due after five years	17,426	15,153
Rutland Partners LLP	Accrual	-	31

Transactions in the year/period:

Related Party	Nature of Balance	Year ended 31 December 2005 £'000	Period from 23 July 2004 to 31 December 2004 £'000
The Rutland Fund	Interest payable on loan notes	2,273	653
Rutland Partners LLP	Management charges	100	31
Rutland Partners LLP	Transaction fee	-	308

Both Rutland Partners LLP and The Rutland Fund are related parties by virtue of the relationships disclosed in note 28.

H&T Group Limited

Notes to the accounts

Year ended 31 December 2005

28. Ultimate controlling party

A controlling interest in the Group is held by four UK Limited Partnerships which are collectively known as The Rutland Fund. This controlling interest takes the form of holding the majority of the issued ordinary shares in the Company. By virtue of its controlling interest and the majority voting power held by the directors appointed by these ordinary shareholders, the Company considers the partnership comprising The Rutland Fund to be the ultimate controlling party. Rutland Partners LLP provides management services to the Group and its wholly owned subsidiaries are the General Partners of the Partnerships comprising the The Rutland Fund.

H&T Group Limited is incorporated and registered in Great Britain and heads the largest group for which consolidated financial statements are prepared.