

5180117

H&T Group plc

Annual Report and Accounts 2009

The UK's leading pawnbroker

Appreciating the value
for over 100 years

FRIDAY



AA0W0JED

A14

23/04/2010

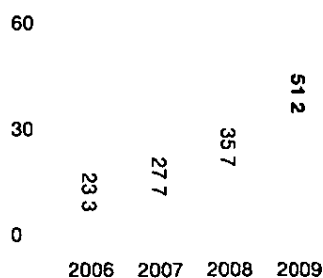
126

COMPANIES HOUSE

Financial and Operational Highlights

Gross profit

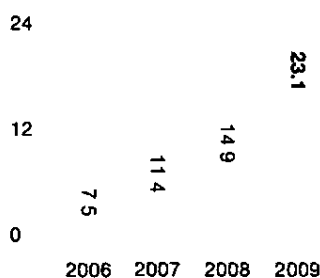
(£m)



up **43.2%**
to £51.2m (2008: £35.7m)

EBITDA*

(£m)

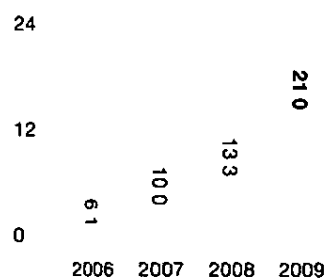


up **55.2%**
to £23.1m (2008: £14.9m)

*Earnings before Interest Tax Depreciation Amortisation as defined in note 3 of the consolidated financial statements

Operating profit

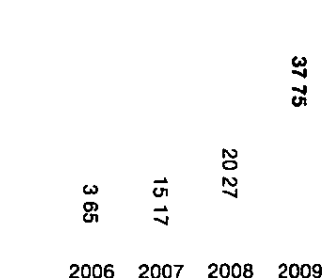
(£m)



up **58.4%**
to £21.0m (2008: £13.3m)

Basic EPS

(p)



up **86.2%**
to 37.75p (2008: 20.27p)

Pledge book

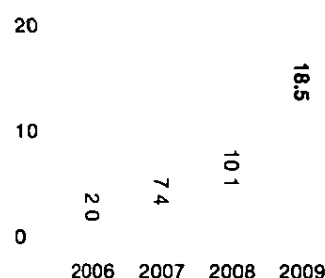
(£m)



up **18.4%**
to £37.9m (2008: £32.0m)

Profit before tax

(£m)



up **83.9%**
to £18.5m (2008: £10.1m)

Proposed final dividend up **24.4%** to 5.6p (2008: 4.5p)

- The national footprint reached 122 stores at 31 December 2009 (2008: 105) with 17 new stores opened during 2009 (2008: 16)
- In addition the Group operated 54 Retail Mall Units at 31 December 2009 (2008: nil)
- In store gold purchasing volumes near tripled year on year
- Scrap margins increased to 39.0% benefiting from the prevailing price of gold (£4.3 million contribution)
- The Group expanded its debt facilities securing a £50 million, four year term facility

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

Highlights	IFC	OVERVIEW
Chairman's Statement	3	
Business at a glance	4	
What is Pawnbroking?	6	
Valuations, how H&T manage the process	7	
Our customers	8	
Our people	9	

Chief Executive's Review	10	REVIEW OF THE BUSINESS
Expansion in the Store Estate	16	
Finance Director's Review	18	
Directors, Officers and Advisers	19	

Corporate Governance	20	GOVERNANCE
Directors' Report	22	
Statement of Directors' Responsibilities	27	

Expansion in the Store Estate

Pg 16 A record year for expansion with 17 greenfield sites added to our estate

Independent Auditors' Report on the Group Financial Statements to the Members of H&T Group plc	28	FINANCIAL STATEMENTS
Consolidated Statement of Comprehensive Income	29	
Consolidated Statement of Changes in Equity	30	
Consolidated Balance Sheet	31	
Consolidated Cash Flow Statement	32	
Notes to the Consolidated Financial Statements	33	
Independent Auditors' Report to the Members of H&T Group plc	70	
Company Balance Sheet	71	
Company Combined Reconciliation of Movements in Shareholders' Funds and Statement of Movements on Reserves	72	
Notes to the Company		
Financial Statements	73	
Store Directory	75	

Gold Purchasing

Pg 12 Continuing the development of new products and services, the Group successfully introduced Retail Mall Units during 2009

Cautionary statement

This annual report of H&T Group plc ("H&T Group", "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.

1
2 3

- 1 H&T store interior showing secure
pledge bay and retail counter
- 2 H&T Gold Bar offering
gold purchasing
- 3 New style H&T store offering
pawnbroking, payday
advances, gold purchasing

Chairman's Statement

The directors and I are very pleased with H&T's performance in 2009. The focused delivery of our strategy and the capacity to maximise on tactical opportunities have combined to deliver record profits and a progressive year for the Group.

Financial Performance

Since flotation on 5 May 2006 to 31 December 2009, H&T has been one of the top ten performers within the FTSE AIM 100 index. I am pleased to report that 2009 has again continued the Group's consistent delivery of record profits and record new store openings.

Gross profit increased by 43 per cent to £51.2 million (2008: £35.7 million) and profit before taxation rose to £18.5 million (2008: £10.1 million), an 83% year-on-year increase.

Gold purchasing has been a major success story in 2009 with significantly increased volumes prompting the decision to report gold purchasing as a separate business segment. The Group has demonstrated great flexibility and speed in reacting to this growing market, while not detracting from its core business of pawnbroking. Indeed, following a year of record lending, the Group's pledge book stood at £37.9 million as at 31 December 2009 (2008: £32.0 million).

The additional gold purchasing profit has been invested into the group's core pawnbroking activities, with continued new store development that will contribute to further growth as they mature over the coming years. The Group opened 17 new stores in the year (2008: 16), taking its portfolio to 122 stores at the year end (2008: 105). The continued rise in the gold price during 2009 has contributed an estimated £4.3 million to the gold purchasing and pawnbroking scrap gross profit.

Providing for future growth the Group extended its debt facilities during the year and rolled out a new proprietary point of sale system across both our stores and our 54 Retail Mall Units.

Basic earnings per share was up from 20.27 pence in 2008 to 37.75 pence in 2009.

Final Dividend

Subject to shareholder approval, a final dividend of 5.6 pence per ordinary share (2008: 4.5 pence) up 24% on 2008 will be paid on 2 June 2010 to shareholders on the register at the close of business on 7 May 2010. The shares will be marked ex-dividend on 5 May 2010. This will bring the full year dividend to 8.1 pence per share, a 25% increase on 2008 (6.5 pence).

The growth in dividend reflects the good performance of the Group in 2009 and the Board's confidence in future prospects.

Prospects

The Group has good growth prospects and our experience is that there is considerable capacity for new greenfield sites, whether through stores or gold purchasing units. The Board expects to have a total of 140 stores trading by the end of 2010.

Gold purchasing volumes continue to be strong, although it remains difficult to predict the sustainability of either current volumes or margins. The Board continues to monitor developments and opportunities in this relatively new market.

Finally, I would like to thank all our staff for their hard work and contribution to these excellent results.

Peter D McNamara
Chairman

Business at a glance:

As at 31 December 2009 H&T was the largest pawnbroking business in the UK in terms of the size of the pledge book. As a business H&T has existed in some form since the late 1800's and over the years has built or acquired some of the oldest and largest pawnbrokers in the UK. Indeed the store in Edinburgh has operated from the same building for over 150 years serving the same community.

More recently H&T has accelerated its development by adding new products and services and expanding the store network. On 8 May 2006 H&T floated on the Alternative Investment Market ("AIM") providing the group with access to new sources of finance and allowing the provision of equity based incentivisation to employees. Since then, H&T has opened or acquired 53 stores.

Pawnbroking

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

can redeem the goods at any point during this time providing that they repay the original loan amount plus any interest due. At the end of the contract, they also have the option to extend the loan for a further six months. If the customer chooses not to redeem or renew the loan, H&T then take action to dispose of the goods.

Pay Day Advance

A Pay Day Advance (PDA) loan is a short term cash loan repayable on the customer's next pay date. The service is used in a similar manner to a bank overdraft and in fact the costs are similar to a number of high street facilities. The customer writes out cheques to H&T for the value of

up to £750 and is given the value of the cheques less a 13% charge in cash.

The customer then has the option to

- Allow the cheques to be banked,
- Pay them off in cash, or
- Extend the cheques for a further 30 days by paying the charge owed.

KwikLoan

Kwikloan is a simple way for customers to obtain an unsecured loan of up to £750 which is repaid over 12 months by direct debit. Before issuing a loan we establish the customer's identity, confirm their income and employment, and ensure that they manage their bank account in a reasonable way. If approved then the

customer enters into a consumer credit loan agreement and we will collect the repayments on the date agreed with the customer. This product provides a useful way for customers who are unable to repay a PDA in full to manage down their loan with us. Customers can have either a Kwikloan or a PDA, but not both at the same time.

Cheque Cashing

Cheque cashing is a service that allows customers to get cash for their cheques in a few minutes, rather than banking the cheque. Most cheques are wages cheques, although other types such as personal, lottery, building society and Giro are considered. Customers use H&T to speed up

the cheque clearance (some building societies can take almost two weeks to clear a cheque) or to avoid banking the cheque into an overdrawn account. Customers are required to provide proof of identity and address in order to use the service.

Jewellery Retail

H&T offer a unique range of new and second-hand jewellery sourced from our pledge book, purchased over the counter or purchased from suppliers. The vast majority of items sold are from forfeited items and all are professionally cleaned and restored at the company's refurbishment centre

in Kent. They are then re-distributed for sale to stores across the country. H&T staff are able to use their extensive product knowledge to assist customers to choose individual pieces to suit their requirements, a skill which of course enables them to make the right loan in the first place.

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.

Gold Purchasing

H&T buy jewellery direct from customers through all of our shops and more recently through over 50 Gold Bar units located in shopping centres throughout England and Scotland. Gold buying has become more widely understood during 2009 and H&T has taken full advantage of

that heightened profile driving significant increases in volume throughout 2009.

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

What is Pawnbroking?

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

How does it work?

The customer brings in the item(s) of value to the store and is asked to give an indication of how much they want to borrow. This is done in order to establish how realistic the customer's expectation is, as the high margins charged by the high street jewellers can give an inflated perception of the value of the goods. The store staff then use a combination of their expertise and training, together with the point of sale system to determine if there is adequate security for the loan. Assuming that there is, the customer and H&T then enter into a credit agreement regulated by the Consumer Credit Act. This is a contract for 6 months and carries interest of 8% to 10% flat rate per month. The rate charged is dependent on local competition and the location of the store.

During the contract the customer can

- **Redeem the pledge**
This means they pay H&T the value of the loan, 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 one more chance 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.

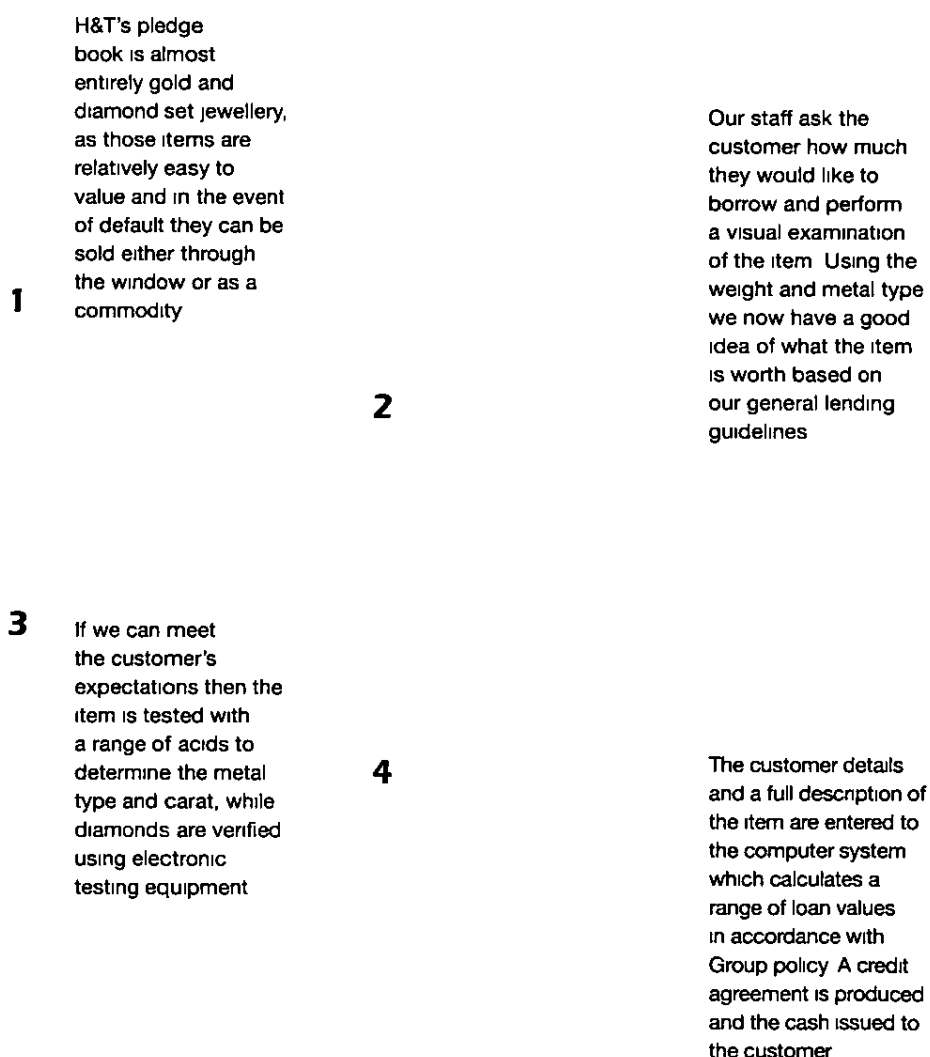
Regardless of the outcome H&T does not pursue the customer in the rare circumstances when there is a shortfall between the amount due under the agreement and the amount recovered when the item is sold. Therefore if the customer is unable to redeem there will be no further consequences and their credit 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 and precious stones (over 98% 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.



Our customers

Our pawnbroking customers come from a wide range of social and demographic backgrounds and bring with them a multitude of different items of jewellery, from a heavyweight belcher chain to a 1970s Rolex to a 5ct diamond solitaire

The single factor that unites them is the ownership of an asset and a requirement for short term cash

Use of Funds

Generally our customers use the funds obtained for day to day expenses with a small number borrowing to solve the short term cash needs of their businesses

The H&T Difference

H&T has a long established culture of customer service and our staff strive to help and empathise with our customers. It is common to hear first names being used in the stores and equally the customer to call our staff by their first name. This is not the result of scripts or

training but rather an expectation that they are there to help the customer during what may be a difficult time. The key to this relationship is the autonomy given to the store managers in their management of the customer relationship. This maintains the customer relationship and provides that flexibility and helpfulness that is so often missing from the rest of the high street

2009 Research

During April 2009 we conducted 300 customer interviews to better understand what is important to them and to assess our customer service standards. Over 90% of those surveyed rated their satisfaction with H&T 8 or more out of 10

Customer quotes

The following quotes were provided anonymously in the Prescient research in H1 2009

"I only found out about them recently. I think it's a very handy service they provide. It's good you can go somewhere and get some cash if you need it. They were lovely, too."

"It doesn't look like a pawnbrokers, it looks just like a jeweller's shop. I would recommend them to anyone, friends or anyone on low income who needs a bit of spare money. There's a feeling of independence in borrowing from them."

"I had never used a pawnbrokers services before I used H&T for the first time a few months ago. So I was a little bit unsure of the system or how the business worked, but their staff made me feel very comfortable by taking me through the process and how things worked."

"The way they made me feel. They were very considerate. It's open and bright, not what you'd expect from a pawnbrokers."

Gender

Male	41%
Female	59%

Age split

18 - 25	16.7%
26 - 35	25.6%
36 - 45	27.1%
46 - 55	19.2%
Over 55	11.4%

Other Customer Information

Satisfaction

Over 90% of customers scored H&T 8 or more out of 10 for overall satisfaction

Internet Use

56% had access to the internet at home

Bank Account

82% have a bank account

Other Credit Use

Debit Card

66% have a debit card

Credit Card

27% have a credit card

Other Moneylenders

86% of respondents stated that they only used H&T to raise money

Source: Research by Prescient - April 2009

Our people

H&T operates in a competitive environment and the ability to deliver the right level of service, whether on loans, cheques or in retail is vital to the future development of our business

In order to achieve that level of service we need the right people in our stores, well trained, motivated and managed. The store manager is the key to that success and we pride ourselves on the experience and ability of our field management team.

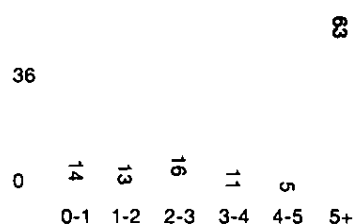
Training and Development

Our training process consists of internal training sessions, modular training in store and specialist external training. This layered approach ensures our new staff fully develop their skills in each product before moving on to the next module.

We have a well established appraisal system to identify and develop management candidates and we aim to promote internally wherever possible.

Tenure of Store Managers

No. of Managers
72



Top Team Award

H&T seek to recognise and reward exceptional performance within the business through incentives, bonuses and awards. The most prestigious of those is the Top Team award which measures success across all areas of the business. The winner for 2009 was Sharon Dixon and the team of our Wood Green store.

"For the past three years the team has worked really hard to build the customer base. This year we've been heavily focussed on local area marketing and the hard work has really paid off."

"I'm really looking forward to taking the whole team to Las Vegas to celebrate everyone's hard work and achievements."

Sharon Dixon
Store Manager

John Nichols and Sharon Dixon, winner of this year's Top Team Award

Chief Executive's Review

Once again I am pleased to report that H&T has achieved strong growth across its major business segments

The Group has significantly outperformed its own internal forecasts set at the start of the year, delivering year on year earnings before interest, tax, depreciation and amortisation ("EBITDA") growth of 55%, another year of record profits and record expansion

The growth in 2009 has been achieved by a strong lending performance in the Group's core pawnbroking operations, expansion in the store estate, continued favourable market conditions and our

initiative in seizing a market opportunity in relation to gold purchasing. Focus has been retained on the core business and strategy of developing the Group's footprint, and I am pleased to report that the Group's pledge book has increased to £37.9m

Significant volumes of gold have been purchased throughout the year, and the Group now reports these profits as a separate business segment. Increased volumes of gold scrapped, whether sourced via the Group's purchasing operations or pawnbroking activities, contributed an additional £6.6m gross profit in 2009. Profits were further boosted by a 32% rise in the average sterling gold price from 2008 to 2009, contributing an estimated additional £4.3m to gold purchasing and pawnbroking scrap gross profits during the year.

The Group continues its strategy of investing for the future, and the 2009 result has been achieved after the addition of a record 17 new stores (2008: 16), taking H&T to a total of 122 stores across England and Scotland. It is a credit to our staff that the existing estate has continued to perform well while new retail distribution and sales outlets have been delivered, including the development of a new route to market with the introduction of 54 Retail Mall Units (RMU's). Other achievements during the year include the rollout of a new proprietary point of sale system and a refinancing of debt facilities.

Pawn Service Charge

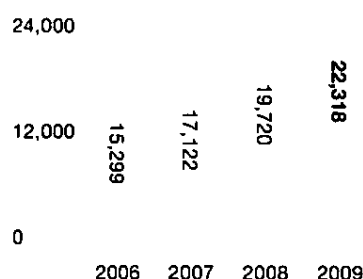
Pawn Service Charge

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

In 2009 PSC represented 44% of total gross profit (2008: 55%) and 68% of total pawnbroking income (2008: 68%). The reduction of PSC as a percentage of the total group gross profit is due to the strong gold purchasing volumes experienced during the year.

The average loan in 2009 was £136 (2008: £125) and the yield on the pledge book was 61% (2008: 64%). The increase in the average loan is partly driven by the increase in the gold price and the full effect of purchasing where loans with lower values used to be pawned. The yield fell as a result of the year end delay in auctions.

Pawn Service Charge gross profit (£,000)



+13.2%
increase in PSC gross profit

Disposition

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

Retail

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

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

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

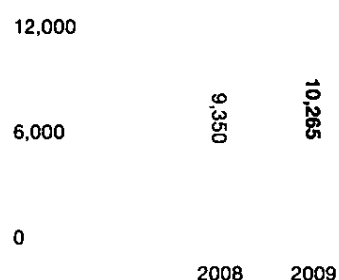
The advantage of H&T over other retailers is that the cost of our supply is relatively low and we can scrap surplus items and still make a profit. This offsets the fact that we have little choice over our supply and therefore must retail what we have available to sell.

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

Scrap

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

Total disposition gross profit including pawnbroking scrap (£,000)



+9.8%

increase in gross profit disposition

REVIEW OF OPERATIONS

Pawn Service Charge

Pawnbroking remains the core of H&T's business and the pawn service charge ("PSC") is the largest component of Group gross profit, contributing £22.3m in 2009 (2008: £19.7m), and 44% of total gross profit. The increase has been driven by increased lending on a like-for-like (LFL) basis while maintaining steady redemption levels, resulting in a pledge book at the year end of £37.9m, (2008: £32.0m).

H&T's growth is a reflection of the quality of customer service, the increased number of outlets and the modern design of stores, as well as high street location. Any change in the UK's economic climate is not expected to have a significant impact on the Group's lending performance.

Retail Jewellery Sales

The Group has experienced a difficult jewellery retail environment during 2009, along with the majority of the UK high street retailers, resulting in a fall in like-for-like (LFL) sales of 3% year-on-year, albeit on the back of a very strong year in 2008. Tightened consumer spending has lowered the average price point during the year and record gold prices affected consumer demand for yellow gold. The Group has maintained its retail margin at 50%.

Pawnbroking Scrap

H&T has a natural hedge to offset any potential fall in jewellery sales, as its alternative disposition method is to scrap the gold for the then current gold price. Scrap profits from the disposition of items forfeited from the Group's pledge book contributed £2.1m in 2009 (2008: £2.1m). The 2009 result was impacted by delayed auctions resulting in a small proportion of the Group's forfeited pledges not being disposed of by the year end, and instead remained on the pledge book. This also gave rise to the decreased pawn service charge yield year on year. Accounting for this delay, the true yield is calculated as 62% (2008: 62%).

Chief Executive's Review continued

Gold Purchasing

Gold purchasing has been one of the success stories of 2009 with the Group maximising its opportunities in this market, demonstrating flexibility, resource and timing. This business segment now accounts for 26% (2008: 7%) of Group gross profit, having recorded gross profits of £13.5m in 2009 (2008: £2.6m).

In comparison with 2008, H&T stores experienced a near tripling of gold purchasing levels. This has been driven by

- Effective local marketing
- Leveraging on the Group's increased size and brand with the use of TV advertising
- Postal gold companies own advertising spend raising general market awareness
- The record price of gold

Gold purchasing volumes have increased significantly following our initiative to offer

this service from Retail Mall Units (RMUs). Operating in 54 centres nationwide at 31 December 2009 (2008: nil), under the brand of H&T Gold Bar, these units are set up on short term licences and a minimal cost outlay thus enabling the Group to respond effectively to any change in market conditions. Not only has this initiative proven financially successful, but also operationally efficient. All units have been deployed within a matter of months demonstrating great speed and flexibility, and have connectivity to the Group's new point of sale system. Importantly, existing operations have not been disrupted.

Gold purchasing generated a 40% (2008: 35%) gross margin, aided by the rise in gold price. The average sterling gold price in 2009 was £621 as compared with £472 in 2008. As with any relatively new market, it is difficult to predict a core level of profits to expect going forward, and this is reflected in the current market forecasts for 2010.

Gold Purchasing

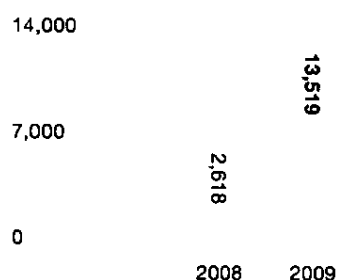
Customers have two choices when seeking to raise finance from gold jewellery in our stores. They may either pawn the gold, from which H&T earn a Pawn Service Charge, or they may select to sell their gold as a one-off transaction.

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

After a holding and processing period, the majority of purchased items will be smelted and sold at the current

gold price less a small commission. In 2009, gold purchasing represented 26% of total gross profit (2008: 7%).

Gold Purchasing Gross Profit (£,000)



+516%
increase in gold purchasing gross profit

Cheque Cashing (comprising Third Party Cheque Cashing and Pay Day Advance)

Revenues net of bad debt and provisions from Third Party Cheque Cashing and Pay Day Advance increased to £4.8 million (2008 £3.8 million). These services contributed to 9% (2008 11%) of gross profit.

Third Party Cheque Cashing turnover declined by 15 per cent in 2009 due

to the diminishing use of cheques and increasing competition. We expect this downward trend to continue during 2010.

Pay Day Advance continues to provide excellent growth. The Group has invested in new systems to enhance product underwriting and the collection of arrears. I am pleased to report that despite the expanding loan book and the current

economic climate, we experienced a small decline in the percentage of bad debt.

KwikLoan

In view of the economic and credit climate, the Group has continued to adopt its cautious approach to new business. As a result the KwikLoan loan book increased only marginally to £0.6m (2008 £0.4m).

Other Financial Services

Cheque Cashing

Cheque Cashing is the provision of cash in exchange for a cheque payable to our customer for a commission fee based on the face value of the cheque. The average cheque value in 2009 was £316 (2008 £332), with the average fee being £20 (6.5%) (2008 £21 (6.4%)).

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

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

Pay Day Advance

Pay Day Advance is a simple form of credit, where the advance is repaid by cheques presented by the customer at the point of the loan. The contract allows for 30 days credit and the average advance in 2009 was £462 (2008 £458), with a typical charge of 13% (2008 13%) per 30 days.

The customer will agree a date for the cheque to be banked, then either

- Pay additional fees for another 30 days (Extend), or
- Pay the face value of the cheque in cash (Settle), or
- Allow the cheque to be deposited into our account.

KwikLoan

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

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

Prepaid Debit Card

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

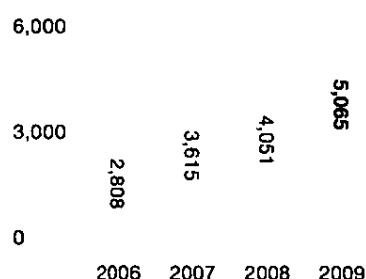
H&T were the first national chain to provide the CashPlus card in the UK and we remain one of the largest customers of APS.

The card is the ideal vehicle to provide funds to our customers in a more convenient form than cash. The card is the natural extension to each of our cash based products, with the store staff cross selling the benefit as part of our pawnbroking and cheque cashing transactions. We expect the card

to enhance our relationship with customers, increasing retention and loyalty as they will use our outlets to load additional funds on to the card.

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

Total other financial services income (£,000)



+£1.0m

increase in net revenues from PDA and Cheque Cashing activities

9.9%

of gross profit generated by Other Financial Services

Chief Executive's Review continued

54

Goldbar outlets added to the retail mall unit portfolio

REGULATION

The Department for Business Innovation & Skills commenced a High Cost Credit Review in 2009 with results expected in Q2 2010. This review covers many forms of alternative credit, and both H&T and the National Pawnbrokers Association have been assisting in the review. Currently the shared view is that a regulatory rate cap is unlikely due to its introduction in other European countries causing market distortions and due to the industry being fully competitive.

There is also an Office of Fair Trading enquiry into postal gold purchasing services, but H&T does not form part of the enquiry.

BUSINESS OVERVIEW AND STRATEGY

The Group has continued its successful expansion strategy and had a record year for new store additions. Taking advantage of increased high street availability and improved retail incentives, the Group has added 17 greenfield sites during the year, taking the total number of stores to 122 at the year end. Of the 122, 52 or 43% have been added over the past 4 years either via acquisition or greenfield rollout. The Board expect this 4 year percentage to rise by the end of 2010, demonstrating the growth in,

and commitment to the rollout programme. Furthermore, of the 52 recent additions, 39 have been developed successfully on greenfield sites, implying latent growth potential in the Group's core pawnbroking business, as each store takes many years to reach a more representative and mature level of contribution. Management's current strategy is to pursue greenfield sites and to make selective acquisition opportunities as they arise.

Pursuing its development of new products and services, as with the introduction of 54 RMUs during the year, the Group will seek to expand this offering, subject to the continued market demand for gold purchasing.

Management has been active throughout the year in supporting business growth both in financial and operational terms. In July, the Group successfully refinanced its debt facilities. In spite of uncertain credit markets, H&T was able to refinance ahead of time and secure an increased facility totalling £50m, with the added advantages of a four-year term and the facility being non-amortising. This will provide security and funding for continued expansion in both the Group's loan book and store portfolio.

Our organisational field structure has also been amended to reflect the increased estate size, with the introduction of Regional Managers, reporting to the Operations Director.

Review of the Pawnbroking Market

The competitive environment has not changed substantially in the last year

The pawnbroking industry remains fragmented providing opportunities for organic and acquisitional growth. Although there are no official statistics, the Board estimate there to be 500 locations around the UK where pawnbroking is offered as a core service, with an additional 1,000 locations where a pawnbroking is offered as an ancillary service.

Current Trading and Outlook

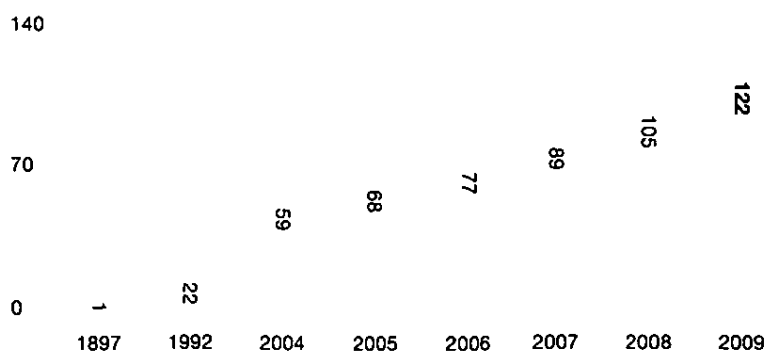
The Board is confident that it will continue to build successfully on H&T's proven business model and strategy, and remain optimistic on pawnbroking in 2010. The Group also expect to be able to deliver working capital improvements in 2010 as a result of recent changes to both the Jewellery Centre and the point of sale system.

The Board does not see the core pawnbroking business as cyclical, instead believing it a resilient business both in recessionary and other times.

Market conditions continue to be favourable. However, the price of gold and currency exchange rates continue to influence margins and volumes of our gold purchasing business.

I would also like to thank all our people whose skills, commitment and enthusiasm continue to drive our success, and give us confidence in the future.

Growth in the estate
Number of Stores



John G Nichols

Chief Executive

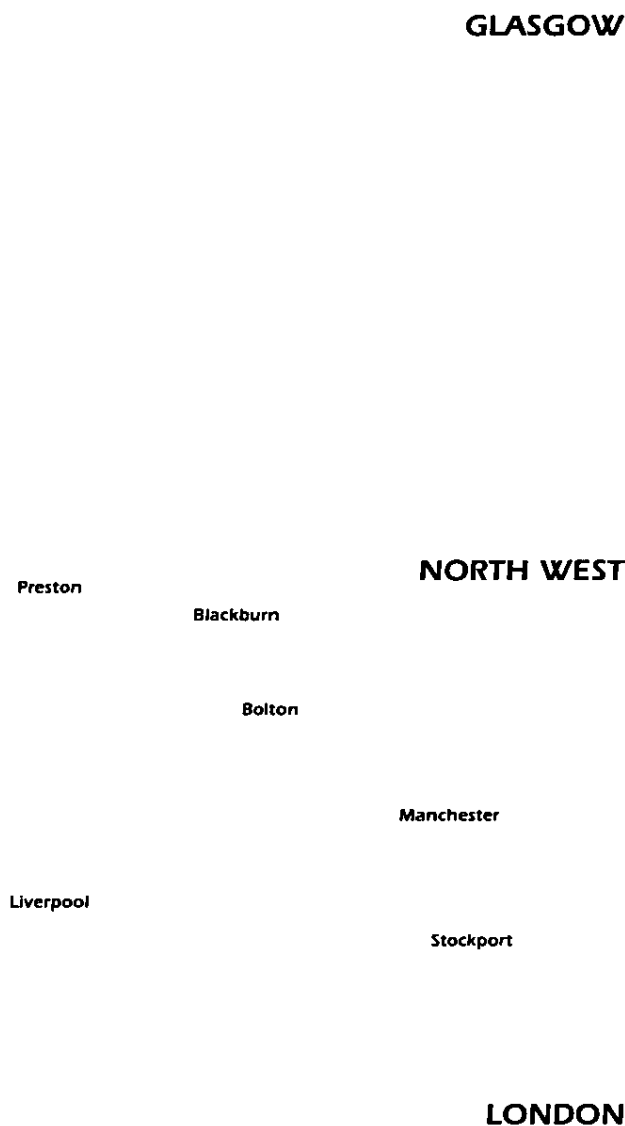
Expansion in the Store Estate

5 year growth in stores



Branch Network

2009 Store openings
 2008 Store openings
 2007 Store openings
 2006 Store openings
 2005 Store openings
 Prior to 2005



Accessing New Markets

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

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

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

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

17

new stores added in 2009

OVERVIEW

REVIEW OF THE BUSINESS

GOVERNANCE

FINANCIAL STATEMENTS

Finance Director's Review

Turnover and gross profit

Total revenues amounted to £84.0 million compared with £52.9 million in 2008. Gross profit increased from £35.7 million to £51.2 million, driven largely by increased gold purchasing volumes and the higher average gold price experienced in 2009. The Group's pawnbroking business segment also delivered double digit growth.

Other direct and Administrative expenses

Other direct and administrative expenses rose from £22.5 million in 2008 to £30.1 million in 2009. The increase was driven by the full year effect of stores opened in 2008, the 17 new stores opened in 2009 and the introduction of the Retail Mall Units during the year. Increased transactional volumes have also impacted staff numbers and costs.

EBITDA and Operating profit

The Group recorded EBITDA of £23.1 million (2008: £14.9 million). Operating profit increased by 58% to £21.0 million (2008: £13.3 million).

Finance costs and similar charges

Interest on bank loans fell during 2009 to £2.2 million (2008: £2.3 million) as the Group benefited from lower interest rates on the unhedged portion of its bank borrowings. The total finance cost rose year on year to £2.7 million (2008: £2.6 million) as during 2009 the Group refinanced its debt facilities and wrote off the £0.4 million unamortised debt fee remaining on the previous loan facility.

Profit before taxation

Profit before taxation, and fair value movement in interest rate swaps increased by £7.6 million from £10.7 million in 2008 to £18.3 million in 2009.

Taxation

The effective corporation tax rate excluding exceptional items is 28 per cent for the year (29 per cent in 2008). The decrease reflects the fall in the tax rate from a blended rate of 28.5 per cent in 2008 to a flat rate of 28% in 2009.

Earnings per share

Basic earnings per share for 2009 was 37.75 pence compared with 20.27 pence in 2008. Diluted earnings per share for 2009 was 37.54 pence compared with 20.26 pence in 2008.

Dividend

The Board has recommended a final dividend of 5.6 pence per share (2008: 4.5 pence) bringing the 2009 full year dividend to 8.1 pence (2008: 6.5 pence).

Cash flow and investments

The Group generated cash from operations before interest payments, debt restructuring costs and taxation of £6.1 million in 2009 (2008: £8.6 million). This result was impacted by the increase in inventories (£12.3 million) driven partly by a stepped increase in gold purchasing volumes and the increased estate size. There was also an increase in receivables of £7.1 million driven by the growth in the pledge book and loan portfolio.

Capital expenditure during the year was £3.9 million (2008: £3.3 million) of which £3.3 million related to the 17 new greenfield stores opened during the year and the estate refurbishment program.

Debt structure

The Group refinanced its debt facilities during the year, and on 31 July 2009 contracted into a 4 year, non-amortising, £50 million facility. Net debt (before unamortised debt issue costs) increased to £42.3 million at 31 December 2009 compared with £34.4 million at 31 December 2008, due partly to the store expansion programme, increased stock levels and the working capital requirements to support the gold purchasing operations. The Group has in place a hedging agreement

“ The Group refinanced its debt facilities in 2009. Together with working capital improvements to be delivered in 2010, the Group is expected to have adequate funding to continue its greenfield expansion plans through 2011 “

Alex Maby Finance Director

fixing the interest rate on £34.0 million of banking debt until 30 August 2012. The Group was compliant with all its banking covenants in 2009, H&T's EBITDA to net debt ratio was 1.8x (2008: 2.3x) and its interest cover ratio (EBITDA to interest) was 10.6x (2008: 6.7x).

Return On Capital Employed (ROCE)

ROCE, defined as profit before tax excluding exceptional items, interest receivable, finance costs and movement in fair value of interest rate swap as a proportion of net current assets and tangible and intangible fixed assets (excluding goodwill), increased from 26.3% in 2008 to 28.4% in 2009.

Alex Maby
Finance Director

Directors, Officers and Advisers

Executive Directors

John G Nichols

Chief Executive 59

After an early career in the RAF, John entered the leisure industry with the Rank Organisation where he held several senior executive positions

John joined H&T as Managing Director in 1997 and subsequently became Chief Executive. He has been instrumental in developing and implementing the business strategy and delivering consistent growth in revenues and profitability. He has also been instrumental in the initiative to obtain the ISO9001 and Investors in People accreditations

Alex M Maby

Finance Director 36

Alex, a chartered accountant who trained with PricewaterhouseCoopers, previously worked at Macquarie's private equity division where he fulfilled a number of roles for various companies including chief financial officer and board director. Prior to this, he worked for Mapely Plc as head of financial engineering and ING Barings as an equity analyst. He joined H&T in early February 2009 and was appointed to the Board on 19 March 2009

Stephen A Fenerty

Commercial Director 37

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

Stephen joined H&T in March 2005 as Commercial Director where he has launched the pre-paid debit card and utilised his expertise in credit management and debt collection. He is responsible both for the project management and implementation of new product initiatives and for origination and execution of new store acquisitions

Non-Executive Directors

Peter D McNamara

Chairman 59

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

He is presently executive Chairman of Notemachine

Andrew J Brown 65

Andrew Brown, a Chartered Accountant, was finance director and subsequently joint chief executive of Gartmore Investment Management plc. He has been a board member or chairman of a number of listed and unlisted companies and is presently a non-executive director of Oval Limited, Numicon Limited (Chairman) and Thames River Capital (UK) Limited

Malcolm L Berryman 55

Malcolm is currently a non-executive director at Lincoln Assurance and Scottish Friendly Assurance. In the last year he has advised the Policyholder Advocate on the Norwich Union reattribution and also the Association of Mutual Insurers. Between 1990 and 2005, he was Chief Executive of two Insurers, Liverpool Victoria and Crown Financial Management. He qualified as an Actuary in 1983.

Registered and head office and advisers

Registered and Head Office

H&T Group plc
Times House
Throwley Way
Sutton
Surrey
SM1 4AF
Tel: +44 (0) 870 9022 600

Financial Adviser and Nominated Adviser

Hawkpoint Partners Limited
41 Lothbury
London
EC2R 7AE

Broker

Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

Legal advisers to the Company

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA

Eversheds LLP
One Wood Street
London
EC2V 7WS

Independent Auditors

Deloitte LLP
Global House
Crawley
West Sussex
RH10 1DL

Bankers

Barclays Bank plc
27th Floor
1 Churchill Place
London
E14 5HP

Registrars

Equiniti
Princess House
1 Suffolk Lane
London
EC4R 0AX

Public relations

Pelham
12 Arthur Street
London
EC4R 9AB

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 Combined Code ("the Code") since its shares are traded on the AIM market, the Company complies, so far as practical, with the Code in the following ways

DIRECTORS

The Board

The Board comprises three executive directors and three non-executive directors. Their biographies appear on page 19. A review of these shows a range of experience and expertise sufficient to bring independent judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group. The three non-executive directors hold shares (as disclosed page 25). However, because the number of shares held is small and there are no cross directorships between executive and non-executive directors, the non-executive directors are considered to be independent.

Board meetings

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

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

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

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

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

Remuneration Committee

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

- Malcolm Berryman (Chairman)
- Peter D McNamara
- Andrew J Brown

The Committee meets at least once 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 Combined Code,
- be told of and be given the chance to advise on any major changes in employee benefit structures in the Company,
- recommend and monitor the level and structure of remuneration for senior managers below Board level as determined,
- agree the policy for authorising claims for expenses from the

Chief Executive and from the Chairman of the Board, and

- recommend an annual report for the Board to put to Shareholders on executive remuneration compliant with relevant legal and regulatory provisions.

The Committee is authorised by the Board to:

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

Audit Committee

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

- Andrew J Brown (Chairman)
 - Chartered Accountant
- Malcolm Berryman
- Peter D McNamara

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

Nomination Committee

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

- Peter D McNamara (Chairman)
- Malcolm Berryman
- Andrew J Brown

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

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

Internal control

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

Internal control financial

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

- Financial Reporting there is a comprehensive budgeting system with an annual budget approved by the Board. Monthly trading results are reported against the corresponding figures for the budget and previous year. The Board also reviews re-forecasts on a regular basis
- Capital Expenditure there is a comprehensive budgeting system for capital expenditure with an annual budget approved by the Board. The Finance Director authorises individual items of capital expenditure and material items are also authorised by the Board or CEO
- Cash flow an annual cash flow forecast is drawn up and approved by the Board and actual cash flow is

reviewed monthly against this forecast

- Organisational Structure a clear organisational structure with defined responsibilities and clear authority levels has been set
- Store Audits a Stores Audit function exists to ensure that Group procedures regarding cash, pledges and stock handling are being adhered to

Internal control risk management

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

Relations with shareholders

The board recognises the importance of communications with shareholders. The Chief Executive's statement and the operational review on pages 10 to 15 include a detailed review of the business and future developments. There is a regular dialogue with institutional shareholders including presentations after the Group's preliminary announcement of the year end results and at the half year results

Going concern

The Group has continued to improve its financial performance on a year by year basis in line with the Group business plan, delivering £13.3m profit after tax for the year ended 31 December 2009 (year ended 31 December 2008: £7.1m)

The Board has approved a detailed budget for 2010, which again indicates a robust performance with budgeted cash generated from operations of £13.0m. The Group is forecast to meet all of its financial covenants and to repay all liabilities as they fall due, as well as funding the planned expansion in the store estate. Since approval of the budget, the sterling price of gold has strengthened and the Group has a lower net debt position than was originally forecast.

Longer term forecasts are also reviewed by the Board, with the 'base case' financial forecasts revealing no inability to meet financial covenants or repay liabilities. Sensitivity analysis under less favourable scenarios designed to test the point at

which the Group will either have insufficient headroom or breach financial covenants has also been prepared and reviewed. The Board considers the selected scenarios as highly remote, and is comfortable that mitigating strategies are available to the Group to offset liquidity constraints.

This anticipated performance for FY10/11 reflects the fundamentals of our markets and products. We believe that pawnbroking is a non-cyclical business and therefore the current economic climate should have no significant negative impact to our business model. The Group offering is principally through secured lending against pledges. The Group policies on pawn lending remain rigorous and prudent, such that the Group has very limited exposure to loss in the event of customers not redeeming their pledges, due to the value of the pledge collateral held, principally being gold and precious stones. These commodities have exhibited increasing values in the current environment, and the Group has no reason to believe that the value will not be maintained in the foreseeable future. Further details are provided in note 26.

Based on the above considerations and after reviewing in detail FY 2010/11 forecasts, the directors have formed the view that the Group has adequate resources to continue as a going concern for the foreseeable future and has prepared the financial statements on this basis. Principal risks and uncertainties to the Group's business are discussed in more detail in the Directors' Report.

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activities and review of the business

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

a significant amount of gold for trading purposes

A review of the business and its future development (including the information that fulfils the relevant requirements of section 417 of the Companies Act 2006) is given in the Chairman's Statement, Chief Executive's Review and Finance Director's Review on pages 3 to 18

Principal risks and uncertainties

The directors continually identify, evaluate and manage material risks and uncertainties faced by the Group which could adversely

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

Area	Description of risk	Examples of mitigating activities
Pawnbroking	Loss of customers with a high level of repeat transactions	Maintenance of a high level of customer service
	Potential changes in regulatory environment	Continual monitoring and lobbying
	Fall in the gold price affecting scrap margin	Use of hedging instruments where appropriate
	Decline in retail sales	Excess stock scrapped at a high margin
	Fall in pawnbroking redemption	Increase in disposition through retail, auction and scrap activities
	Prolonged economic recession	Continual monitoring by the Board Use of stress tested forecasting
	Increasing competition	Continual monitoring at store level Expansion strategy to maintain H & T's position as one of the industry key players
Cash, pledge book and retail inventory	Physical security of all assets	High level of investment in security systems
	Insufficient pledge securities	Staff training and pledge tests Monitoring of established lending criteria Internal audit function
Cheque cashing and unsecured lending	Significant worsening of bad debts	Investment in IT systems Staff training Continual monitoring of bad debts and lending criteria Internal audit function
	Decline in third party cheque encashment business	On-going reduction in overall business mix and replacement by new services and products
Gold trading	Increasing competition	Constant monitoring of competitor's prices Expansion strategy both for stores and Retail Mall Units to maintain leading market position Progressive marketing strategies
	Fall in the sterling gold price adversely impacting scrap margins	Adjust purchase price offered to compensate for market movements in gold price Possible use of hedging instruments

Area	Description of risk	Examples of mitigating activities
Business operations	Back office and communication systems failure	Established IT disaster recovery plan
	Ageing EPOS software	Development of a new EPOS system
People	Succession planning, retention and capability	High investment in on-going training Performance related pay package Share-based incentive plans
	Increase in stress level	Management awareness Adequate HR policy
Financing	Potential increase in cost of financing due to borrowings being on a floating rate	Use of hedging instruments where appropriate (interest rate swap)
	Bank funding is subject to strict financial covenants	Regular forecasting exercise and regular communication with the financing bank
	Financing bank going bankrupt	Review of existing financing facilities and possible use of syndicated banking

Dividends

The directors propose a final dividend of 5.6p (2008: 4.5p) per share subject to approval at the Annual General Meeting on 20 May 2010. 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 2008 of 4.5p per share and an interim dividend for the year ended 31 December 2009 of 2.5p per share (2008: 2.0p per share).

Financial risk management objectives and policies

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

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

Interest rate risk

The Group's activities expose it primarily to the financial risks of changes in interest

rates. The Group uses an interest rate swap contract to hedge this exposure on £34,000,000 (2008: £35,000,000) of the Group bank loans.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables, the most significant of which are the pledge book, the KwikLoan loanbook, Pay Day Advances and Cheque Cashing balances.

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

The risks attached to the KwikLoan loan book and Pay Day Advances, both of which are unsecured lending, are mitigated by the continual monitoring of bad debts and a possible modification of lending criteria. With respect to the KwikLoan product, the Group performs an external credit check prior to lending. Similar procedures mitigate the risks associated with Cheque Cashing activities.

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

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

Moody's credit rating

Barclays Bank plc	Aa3
The Royal Bank of Scotland plc	Aa3

The Group has no significant concentration of credit risk other than on bank balances of £539,000 (2008: £493,000) with Royal Bank of Scotland plc. Exposure on trade and other receivables is spread over a large number of counterparties and customers.

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 2009, the Group had sufficient headroom on its current borrowings and is in full compliance with all loan covenants.

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

Directors' Report continued

Price risk

With regard the current balance sheet position, the Group is not exposed to price risk, as the majority of its jewellery and all of its scrap gold is obtained through unredeemed pledges, which have a cost to the Group which is lower than the resale value. The Group is however exposed to adverse movements in the price of gold in its gold scrap activities and the value of the pledge collaterals. The Group considers this risk to be limited due to the current high margin on scrap gold. Should the price of gold drop significantly, the Group can mitigate that risk by changing its lending policy on pawnbroking pledges or by entering hedging instruments.

Exchange rate risk

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

Capital structure

Details of the authorised share capital are shown in note 27 to the consolidated financial statements. The company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. As disclosed in note 27, during the period 50,974 new ordinary shares (2008: 253,484) of £0.05 each were issued, called up and fully paid as part of the Group's share option and long term incentive plans.

As a result of the above the nominal issued share capital has increased from £1,766,960 as at 31 December 2008 to £1,769,508 as at 31 December 2009.

On 8 February 2010, 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	16.73%
BlackRock	8.75%
Fidelity Investments	7.57%
Henderson Global Investors	6.43%
Baillie Gifford	4.96%
Aviva Investors	4.93%
Directors	3.90%
UBS Global Asset Management	3.83%
Invesco Perpetual	3.18%

Details of employee share schemes are set out in note 28. Under these share schemes, there are currently a potential 1,474,382 number of shares that will be issued to current option holders at the call of the option holder, representing 4.2% of the Company's issued shares. Under its Articles of Association, the Company has authority to allot under these share schemes, for cash, up to a maximum of 3,539,016 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, 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 2009 or 31 December 2008.

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 noted, were as follows:

Executive

J G Nichols
A Maby (appointed 19 March 2009)
S A Fenerty
L P Genthialon (resigned 20 March 2009)

Non-Executive

P D McNamara
A J Brown
M Berryman

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

Director	Type of share	At 1 January 2009	Acquired in the year	Disposed of in the year	At 31 December 2009
J G Nichols	Ordinary 5p shares	1,025,000	-	-	1,025,000
A M Maby	Ordinary 5p shares	-	-	-	-
S A Fenerty	Ordinary 5p shares	300,000	-	-	300,000
P D McNamara	Ordinary 5p shares	17,351	-	-	17,351
A J Brown	Ordinary 5p shares	25,000	-	-	25,000
M Berryman	Ordinary 5p shares	-	-	-	-

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

	At start of year No	Granted during the year No	Exercised during year No	At end of year No	Exercise price pence	Market Price on date exercised pence	Date from which exercisable	Expiry date
J G Nichols								
- 2006 Schemes	87,397	-	-	87,397	182 5p	-	8/9/2009	7/9/2016
- 2007 Schemes	78,390	-	-	78,390	217 5p	-	17/5/2010	16/5/2017
- 2008 Schemes	92,293	-	-	92,293	175 5p	-	15/5/2011	14/5/2018
- 2009 Schemes	-	87,629	-	87,629	194 0p	-	1/5/2012	30/4/2019
	258,080	87,629	-	345,709				
A M Maby								
- 2009 Schemes	-	77,320	-	77,320	194 0p	-	1/5/2012	30/4/2019
	-	77,320	-	77,320		-		
S Fenerty								
- 2006 Schemes	51,233	-	-	51,233	182 5p	-	8/9/2009	7/9/2016
- 2007 Schemes	45,517	-	-	45,517	217 5p	-	17/5/2010	16/5/2017
- 2008 Schemes	59,544	-	-	59,544	175 5p	-	15/5/2011	14/5/2018
- 2009 Schemes	-	61,856	-	61,856	194 0p	-	1/5/2012	30/4/2019
	156,294	61,856	-	218,150				

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

	At start of year No	Granted during the year No	At end of year No	Exercise price pence	Date when conditional grant is achievable
J G Nichols					
- 2008 LTIP	109,813	-	109,813	-	7/11/2011
	109,813	-	109,813	-	-
A M Maby					
- 2009 LTIP	-	80,428	80,428	-	1/5/2012
	-	80,428	80,428	-	-
S Fenerty					
- 2008 LTIP	64,406	-	64,406	-	7/11/2011
	64,406	-	64,406	-	-

Directors' Report continued

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

At 31 December 2009, the market price of H & T Group plc's shares was 302 5p and the range during the year ended 31 December 2009 was 152 5p – 321 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.

Personnel

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

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

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

Employee consultation

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their stores, regional areas and of the Group as a whole. This is achieved through formal and informal meetings, weekly information bulletins, 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 2009 were equivalent to 29 (2008: 28) 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 did not make any charitable donations (2008: £nil) nor any political contributions (2008: £nil).

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

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

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

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are 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
22 March 2010

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006 and The AIM Rules. The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

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

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

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- 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.

OVERVIEW

REVIEW OF THE BUSINESS

GOVERNANCE

FINANCIAL STATEMENTS

Independent Auditors' Report on the Group Financial Statements to the Members of H & T Group plc

We have audited the group financial statements of H&T Group plc for the year ended 31 December 2009 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Other matter

We have reported separately on the parent company financial statements of H&T Group plc for the year ended 31 December 2009.

Graham C. Pickett
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory
Auditors
Crawley, United Kingdom

22 March 2010

Consolidated Statement of Comprehensive Income

For year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Revenue	5,6	83,975	52,868
Cost of sales		(32,808)	(17,129)
Gross profit	6	51,167	35,739
Other direct expenses		(23,138)	(15,862)
Administrative expenses		(6,999)	(6,603)
Operating profit	7	21,030	13,274
Investment revenues	5,10	1	45
Finance costs	11	(2,746)	(2,603)
Movement in fair value of interest rate swaps	23	227	(647)
Profit before taxation		18,512	10,069
Tax charge on profit	12	(5,168)	(2,952)
Profit for the financial year and total comprehensive income		13,344	7,117
		2009 Pence	2008 Pence
Earnings per share			
From continuing operations			
Basic	13	37.75	20.27
Diluted	13	37.54	20.26

All results derive from continuing operations

OVERVIEW

REVIEW OF THE BUSINESS

GOVERNANCE

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

For year ended 31 December 2009

	Note	Share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2008		1,754	23,994	-	4,597	30,345
Profit for the financial year		-	-	-	7,117	7,117
Total income for the financial year		-	-	-	7,117	7,117
Issue of share capital		13	2	-	-	15
Share option credit taken directly to equity	28	-	-	-	178	178
Dividends paid	14	-	-	-	(1,894)	(1,894)
Employee benefit trust shares	27	-	-	(13)	-	(13)
At 1 January 2009		1,767	23,996	(13)	9,998	35,748
Profit for the financial year		-	-	-	13,344	13,344
Total income for the financial year		-	-	-	13,344	13,344
Issue of share capital	27	3	86	-	-	89
Share option credit taken directly to equity	28	-	-	-	238	238
Deferred tax on share options taken directly to equity	24	-	-	-	110	110
Dividends paid	14	-	-	-	(2,474)	(2,474)
At 31 December 2009		1,770	24,082	(13)	21,216	47,055

Consolidated Balance Sheet

At 31 December 2009

	Note	31 December 2009 £'000	31 December 2008 £'000	1 January 2008 £'000
Non-current assets				
Goodwill	15	16,806	16,806	16,415
Other intangible assets	16	1,046	1,171	1,480
Property, plant and equipment	17	9,614	7,824	6,093
Deferred tax assets	24	500	195	-
		27,966	25,996	23,988
Current assets				
Inventories	19	23,029	10,730	6,720
Trade and other receivables	20	48,632	41,540	36,105
Cash and cash equivalents	20	2,221	2,744	1,966
		73,882	55,014	44,791
Total assets		101,848	81,010	68,779
Current liabilities				
Trade and other payables	21	(6,926)	(5,324)	(3,322)
Current tax liabilities	21	(3,148)	(2,542)	(1,193)
Borrowings	22	-	(1,777)	(1,766)
Derivative financial instruments	23	(438)	(665)	(18)
		(10,512)	(10,308)	(6,299)
Net current assets		63,370	44,706	38,492
Non-current liabilities				
Borrowings	22	(44,113)	(34,879)	(31,651)
Deferred tax liabilities		-	-	(365)
Provisions	25	(168)	(75)	(119)
		(44,281)	(34,954)	(32,135)
Total liabilities		(54,793)	(45,262)	(38,434)
Net assets		47,055	35,748	30,345
Equity				
Share capital	27	1,770	1,767	1,754
Share premium account		24,082	23,996	23,994
Employee Benefit Trust shares reserve	27	(13)	(13)	-
Retained earnings		21,216	9,998	4,597
Total equity		47,055	35,748	30,345

The financial statements of H & T Group plc, registered number 01588117, were approved by the board of directors and authorised for issue on 22 March 2010. They were signed on its behalf by

J G Nichols
Chief Executive

Consolidated Cash Flow Statement

Year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net cash (absorbed by)/generated from operating activities	30	(1,426)	4,087
Investing activities			
Interest received		1	45
Purchases of property, plant and equipment		(4,001)	(2,828)
Purchases of intangible assets		(56)	(53)
Acquisition of trade and assets of businesses		–	(1,586)
Net cash used in investing activities		(4,056)	(4,422)
Financing activities			
Dividends paid	14	(2,474)	(1,894)
Net increase of borrowings		7,344	3,005
Proceeds on issue of shares	27	89	15
Loan to the Employee Benefit Trust for acquisition of own shares	27	–	(13)
Net cash from financing activities		4,959	1,113
Net (decrease)/increase in cash and cash equivalents		(523)	778
Cash and cash equivalents at beginning of the year		2,744	1,966
Cash and cash equivalents at end of the year		2,221	2,744

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009

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

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

2. Changes in accounting policies

Adoption of new and revised standards

In the current year, the following new and revised Standards and Interpretations have been adopted:

Standards affecting presentation and disclosure

IAS 1	(Revised 2007)	IAS 1 (2007) has introduced a number of changes in the format and content of the financial statements. In addition, the revised Standard has required the presentation of a third balance sheet at 1 January 2008 because the entity has applied certain changes in accounting policies which have a retrospective effect on previously reported amounts (see below).
IFRS 8		IFRS 8 is a disclosure Standard and the adoption of the Standard is considered to be a change in accounting policy necessitating the presentation of a third balance sheet. Having considered the requirements of the Standard the Directors have concluded that no change in the reportable segments of the business is required as a result of the introduction of the new Standard. However, the Directors have disclosed gold trading as a separate segment this year reflecting the increased activity of the Group in this area.

Standards not affecting the reported results or disclosure

IAS 20	(Amended 2008)	Accounting for Government Grants
IAS 23	(Amended 2007)	Borrowing Costs
IAS 32	(Amended 2008)	Financial Instruments: Presentation
IAS 38	(Amended 2008)	Intangible Assets
IAS 39	(Amended 2008)	Financial Instruments
and IFRS 7	and 2009)	
IAS 40	(Amended 2008)	Investment Property
IFRS 2	(Amended 2008)	Share-based Payment
IFRIC 9		Reassessment of Embedded Derivatives
IFRIC 15		Agreements for Construction of Real Estate
IFRIC 16		Hedges of a Net Investment in a Foreign Operation
IFRIC 18		Transfer of Assets from Customers

Standards and interpretation in issue but not yet effective

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

IFRS 1	(Amended 2008 and 2009)	First time adoption of International Financial Reporting Standards
IFRS 3	(Revised 2008)	Business Combinations
IFRS 9		Financial Instruments – Classification and Measurement
IAS 27	(Amended 2008)	Consolidated and Separate Financial Statements
IAS 28	(Amended 2008)	Investment in Associates
IFRIC 17		Distributions of Non-cash Assets to Owners
IFRIC 19		Extinguishing Financial Liabilities with Equity Instruments

All amendments to the standards noted above result from the 2009 annual improvement process.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

3. Significant accounting policies

Basis of accounting

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, and on a going concern basis as discussed in the Finance Director's Report

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. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Subsidiary undertakings have been included in the Group financial statements using the acquisition method of accounting. Accordingly, the Consolidated Statement of Comprehensive Income includes the results of subsidiaries acquired or disposed of during the year from the effective date of acquisition or up to the effective date of disposal, as appropriate

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

Business combinations

The acquisition of subsidiaries, or trade and assets, is accounted for using the purchase method. The cost of the 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, or to be issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss

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 partnerships 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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ('CGU') expected to benefit from the synergies of the combination. 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. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. The Group considers each of its stores to be a CGU with the exception of the goodwill arising on the acquisition of Harvey & Thompson Limited by the Group in September 2004, where the subsidiary undertaking as a whole is the cash generating unit

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

3. Significant accounting policies (continued)

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 is 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

Motor vehicles

4 years

Computer equipment

– Computer hardware 3 to 5 years

Fixtures and fittings

10 years

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

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

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income as an expense immediately.

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 instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

3. Significant accounting policies (continued)

Financial assets

In accordance with IAS 39, 'Financial Instruments Recognition and Measurement' financial assets are classified into the following specified categories

- financial assets 'at fair value through profit or loss' (FVTPL),
- 'held-to-maturity' investments,
- 'available-for-sale' (AFS) financial assets, and
- 'loans and receivables'

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently the Group has financial assets classified as 'loans and receivables' and financial assets at 'fair value through profit and loss'. No financial assets are classified as 'held to maturity' or 'available-for-sale'.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

The principal financial assets included in this measurement category are

Trade receivables

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

Cash and cash equivalents

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

Financial assets at FVTPL

Financial assets are classified as FVTPL where the financial asset is either held for trading or it is designated as FVTPL. The Group has not designated any financial assets as being FVTPL and accordingly only holds financial instruments in this category that are deemed to be held for trading under the provisions of IAS 39. All financial assets deemed to be held for trading are derivative instruments that are not designated and effective as hedging instruments (see the derivative accounting policy below).

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. Fair value is determined in the manner described in note 26.

Impairment of financial assets

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

Objective evidence of impairment could include

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

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

3. Significant accounting policies (continued)

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.

De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities are classified as FVTPL where the financial liability is either held for trading or it is designated as FVTPL. The Group has not designated any financial liabilities as being at FVTPL and accordingly only holds financial instruments in this category that are deemed to be held for trading under the provisions of IAS 39.

With respect to the Group, all financial liabilities that are held for trading are derivative instruments that are not designated and effective as hedging instruments (see the derivative accounting policy below).

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. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group uses interest rate swap contracts to hedge the economic exposure to this risk. The Group does not use derivative financial instruments for speculative purposes.

The Group has elected not to adopt the hedge accounting provisions of IAS 39, and accordingly derivative financial instruments are initially measured at fair value on the date that the contract is entered into and subsequently re-measured to fair value at each reporting date. The gains and losses on re-measurement are taken to the Consolidated Statement of Comprehensive Income and included adjacent to finance costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

3. Significant accounting policies (continued)

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Taxation

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Leases

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

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

The Group currently has no finance leases.

Provisions

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

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

Share capital and share premium account

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

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

3. Significant accounting policies (continued)

Employee Benefit Trust Shares

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

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

Revenue recognition

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

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

- Retail comprises revenue from retail jewellery sales, of both purchased stock and from the sale of pledged security from unredeemed pawn loans and is recognised at the time of sale,
- Pawnbroking, or Pawn Service Charge (PSC), comprises interest on pledge book loans, plus auction profit and loss, less any auction commissions payable and less surplus payable to the customer. Interest receivable on loans is recognised as interest accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount,
- Pawnbroking Scrap and Gold Purchasing comprises proceeds from gold scrap sales and is recognised at the time of sale,
- Cheque cashing comprises revenues from third party Cheque Cashing and Pay Day Advances. The commission receivable on cheque cashing is recognised at the time of the transaction, and
- Other financial services comprise revenues from other unsecured lending, foreign exchange income, prepaid card and other income. Interest receivable on unsecured loans is recognised as interest accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Any other revenues are recognised on an accruals basis.

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

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

Gross profit

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

Other direct expenses

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

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:

	2009 £'000	2008 £'000
Operating profit	21,030	13,274
Depreciation and amortisation	2,117	1,645
EBITDA	23,147	14,919

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

3. Significant accounting policies (continued)

Operating profit

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

Retirement benefit costs

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

Employee share incentive plans

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

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

Dividends

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

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

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

Revenue recognition

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

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

Inventories

The majority of the inventory balance is obtained as a result of default by pawn loan customers. The inventory is stated at cost to the Group, being the amount initially lent on the pawn loan, plus overheads directly related to bringing the inventory to its present location and condition. As stated above, the Group does not allocate any interest that would have been earned on the pawn loans to the cost of inventory. Accordingly, the profit that arises on the subsequent disposal of the inventory, through either retail or scrap, includes an element which relates to the appropriation by the Group of collaterals supporting pawn loans that have a higher market value, than the pawn loan amount.

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

Dilapidations provisions

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

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 2008 or 2009. The sensitivity of the pledge accrual to reasonable changes in the redemption rate is shown in note 26.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The review is conducted annually, in the final quarter of the year. The impairment review is conducted at the level of each cash generating unit, which for acquisitions represents the specific store acquired. For disclosure purposes, the Group aggregates the acquisitions in each period to simplify the overall presentation. The carrying value of each aggregated set as described above, including the amount of goodwill included in each cash generating unit, is as follows:

	Carrying value of CGU assets at 31 December 2009 £'000	Carrying value of goodwill included in the CGU at 31 December 2009 £'000
Harvey & Thompson Ltd	39,308	14,133
Stores acquired in 2005	410	213
Stores acquired in 2006	747	553
Stores acquired in 2007	2,223	1,516
Stores acquired in 2008	1,021	391

There were no impairments recorded in the current or preceding year. The principal assumptions applied by management in arriving at the value in use of each cash generating unit are as follows:

1. The Group has forecast cash flows, over a five year period, reflecting management's estimate of the expected growth of the revenue in the relevant cash generating unit, based on the specific characteristics of the store, and the stage of development of the core product offerings, being principally the pledge book and the cheque cashing activities. This reflects both past experience of the Group, and store specific factors.
2. The Group has discounted the cash flows at a pre tax, risk adjusted rate of 17%. This rate is considered to be appropriate on the basis of the relatively small size of each cash generating unit.
3. The directors have considered reasonably possible changes in the key assumptions and are of the opinion that no change to the impairment review conclusions would arise from such changes. This reflects the prudent acquisition policy applied by the Group, the integration of the acquisitions within the overall portfolio of stores that the Group operates, and the growth obtained through the introduction of the Group's products in newly acquired stores.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

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

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 materially from management expectation

Fair value of derivatives

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

Trade receivables provisioning

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

The impairment losses on the pledge book only relate to pledges seized by the police and shrinkage. The pledge book items seized by the police are impaired on an item by item basis since the Group tracks the status of each pledge individually. The shrinkage provision is based on an estimate of the pledge book missing at reporting date using historical shrinkage experience.

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

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

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

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

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

Stock provisioning

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

	2009 £'000	2008 £'000
Sales of goods		
Gold purchasing, retail, pawnbroking scrap,	56,592	29,097
Interest / commission earned		
Pawnbroking, cheque cashing and other financial services	27,383	23,771
Investment revenues	1	45
	83,976	52,913

Further analysis of revenue by segment is shown in note 6

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

	2009 £'000	2008 £'000
Income		
Interest earned on financial assets not designated at fair value	21,474	19,233
Fees earned on financial assets not designated at fair value	7,164	6,707

6. Business and geographical segments

Business segments

For reporting purposes, the Group is currently organised into six segments – Pawnbroking, Gold purchasing, Retail, Scrap, Cheque cashing and Other financial services. The principal activities by segment are as follows

Pawnbroking

Pawnbroking is a loan secured against a collateral (the pledge). In the case of the Group over 98% of the collaterals against which amounts are lent is jewellery made of gold, precious metals and/or diamonds. The pawnbroking contract is a six month credit agreement bearing a monthly average interest rate of 8%. The contract is governed by the terms of the Consumer Credit Act 2008 (previously the Consumer Credit Act 2002). If the customer does not redeem the goods by repaying the secured loan before the end of the contract, the Group is required to dispose of the goods either through public auctions if the value of the pledge is over £75 (disposal proceeds being reported in this segment) or, if the value of the pledge is £75 or under, through public auctions or the Retail or Pawnbroking Scrap activities of the Group.

Gold Purchasing

Jewellery is bought direct from customers through all of the Group's stores and more recently through 54 GoldBar units located in shopping centres throughout England and Wales. The transaction is straight forward with the store or unit agreeing a price with the customer and purchasing the goods for cash on the spot. Gold Purchasing revenues comprise proceeds from scrap sales on goods sourced from the Group's purchasing operations.

Retail

The Group's retail proposition is primarily gold and jewellery and the majority of the retail sales are forfeited items from the pawnbroking pledge book or purchased second-hand jewellery. The retail offering is complemented with a small amount of new jewellery purchased from third parties by the Group.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

6. Business and geographical segments (continued)

Cheque cashing

This segment comprises two products

- Third Party Cheque Encashment which is the provision of cash in exchange for a cheque payable to our customer for a commission fee based on the face value of the cheque
- Pay Day Advance which is a simple form of credit where the advance is repaid by post dated cheques presented by the customer at the point of the loan. The Group applies a 13% charge per 30 days on the value of the advance. At the end of the 30 days, the customer has a choice to either extend the advance for another 30 days, repay the advance or allow the cheques to be deposited in the Group's bank account

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

Other financial services

This segment comprises

- KwikLoan product which is an unsecured loan repayable over 12 months of up to £750. The Group earns approximately £300 gross interest on a £500 loan over 12 months
- The Prepaid debit card product where the Group earns a commission when selling the card or when the customer is topping up their card
- The foreign exchange currency (Euro and US Dollar) service where the Group earns a commission when selling or buying foreign currencies. This service is currently on trial in a limited number of stores
- The LogBook Loan product where the Group earns a commission when referring a customer to a third party providing loans secured on personal vehicles. The limited trial of this service finished during 2009, with the decision not to proceed to a rollout across the estate

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

Further details on each activity are included in the Chief Executive's Review on pages 10 to 15

Segment information about these businesses is presented below

	Pawn- broking 2009 £'000	Gold Purchasing 2009 £'000	Retail 2009 £'000	Pawn- broking Scrap 2009 £'000	Cheque cashing 2009 £'000	Other Financial services 2009 £'000	Consolidated Year ended 2009 £'000
2009							
Revenue							
External sales	22,318	33,923	16,409	6,260	4,799	266	83,975
Total revenue	22,318	33,923	16,409	6,260	4,799	266	83,975
Segment result – gross profit	22,318	13,519	8,118	2,147	4,799	266	51,167

6. Business and geographical segments (continued)

	Pawn- broking 2008 £'000	Gold Purchasing 2008 £'000	Retail 2008 £'000	Pawn- broking Scrap 2008 £'000	Cheque cashing 2008 £'000	Other Financial services 2008 £'000	Consolidated Year ended 2008 £'000
2008							
Revenue							
External sales	19,720	7,419	14,604	7,074	3,826	225	52,868
Total revenue	19,720	7,419	14,604	7,074	3,826	225	52,868
Segment result – gross profit	19,720	2,618	7,208	2,142	3,826	225	35,739

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

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

	Pawn- broking 2009 £'000	Gold Purchasing 2009 £'000	Retail 2009 £'000	Pawn- broking Scrap 2009 £'000	Cheque cashing 2009 £'000	Other Financial services 2009 £'000	Unallocated assets/ (liabilities) 2009 £'000	Consolidated 2009 £'000
Other information								
Capital additions (*)	–	–	–	–	–	–	3,926	3,926
Depreciation and amortisation (*)	–	–	–	–	–	–	2,117	2,117
Balance sheet								
Assets								
Segment assets	43,496	4,607	17,605	817	2,679	642		69,846
Unallocated corporate assets							32,002	32,002
Consolidated total assets								101,848
Liabilities								
Segment liabilities	–	–	(253)	–	(27)	(81)		(361)
Unallocated corporate liabilities							(54,432)	(54,432)
Consolidated total liabilities								(54,793)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

6. Business and geographical segments (continued)

	Pawn – broking 2008 £'000	Gold Purchasing 2008 £'000	Retail 2008 £'000	Pawn – broking Scrap 2008 £'000	Cheque cashing 2008 £'000	Other Financial services 2008 £'000	Unallocated assets/ (liabilities) 2008 £'000	Consolidated 2008 £'000
Other information								
Capital additions (*)	–	–	–	–	–	–	4,436	4,436
Depreciation and amortisation (*)	–	–	–	–	–	–	1,645	1,645
Balance sheet								
Assets								
Segment assets	36,999	412	9,935	383	2,642	474		50,845
Unallocated corporate assets							30,165	30,165
Consolidated total assets								81,010
Liabilities								
Segment liabilities	–	–	(216)	–	(94)	(51)		(361)
Unallocated corporate liabilities							(44,901)	(44,901)
Consolidated total liabilities								(45,262)

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

Geographical segments

The Group's operations are located entirely in the United Kingdom and all sales are within the United Kingdom. Accordingly, no further geographical segments analysis is presented

Major customers

Included in revenues arising from Gold Purchasing and Pawnbroking scrap segments are revenues from the Group's largest customer of £25,725,000 (2008 £13,057,000) and from its second largest customer of £13,581,000 (2008 £71,000), both of which are bullion houses where surplus gold is melted

7. Operating profit

	2009 £'000	2008 £'000
Operating profit has been arrived at after charging/(crediting)		
Depreciation of property, plant and equipment reported within		
– Other direct expenses	1,824	1,294
– Administrative expenses	112	192
Amortisation of intangible assets (reported within Other direct expenses)	181	159
Loss on disposal of property, plant and equipment	144	113
Loss on disposal of intangible assets (software)	–	845
Cost of inventories recognised as expense	32,366	17,040
Write downs of inventories recognised as an expense	651	160
Staff costs (see note 9)	15,436	11,082
Impairment loss/(gain) recognised on pawnbroking financial assets (*)	264	(15)
Provision recognised on pawnbroking financial assets (*)	173	130
Impairment loss recognised on cheque cashing financial assets (*)	2,112	2,148
Provision recognised on cheque cashing financial assets (*)	116	587
Impairment loss recognised on other financial services financial assets(*)	212	301
Provision recognised on other financial services financial assets (*)	84	136

(*) 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 Auditors' remuneration

The analysis of auditors' remuneration is as follows

	2009 £'000	2008 £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	37	42
Fees payable to the Company's auditors for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	36	41
Total audit fees	73	83
- Tax services	26	28
- Other services	–	18
Total non-audit fees	26	46

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 auditors and their associates in respect of associated pension schemes

OVERVIEW

REVIEW OF THE BUSINESS

GOVERNANCE

FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

9. Information regarding directors and employees

Non-executive directors' emoluments

3 (2008: 4) non-executive directors receive payments for services rendered to the H & T Group plc group. Their emoluments are included in the analysis below.

	2009 £'000	2008 £'000
Directors' emoluments		
Aggregate emoluments	1,147	803
Company pension contributions to money purchase schemes	25	17
	1,172	820

All executive directors during the year (2008: all) participated in Harvey & Thompson Limited's money purchase pension scheme. In addition, £169,000 (2008: £94,000) 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 (2008: none) of the directors exercised options over shares in the Company in the year.

	2009 £'000	2008 £'000
Highest paid director		
Aggregate emoluments	387	315
Company pension contributions to money purchase scheme	8	8

In addition, £103,000 (2008: £50,000) 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.

	2009 No	2008 No
Average number of persons employed (including directors)		
Branches	619	453
Administration	83	67
	702	520

	2009 £'000	2008 £'000
Staff costs during the year (including directors)		
Wages and salaries	13,612	9,797
Share option compensation expense (note 28)	238	178
Social security costs	1,486	1,023
Other pension costs	99	84
	15,435	11,082

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

10. Investment revenues

	2009 £'000	2008 £'000
Interest revenue		
Bank deposits	1	45

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

	2009 £'000	2008 £'000
Loans and receivables (including cash and bank balances)	1	45

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

11. Finance costs

	2009 £'000	2008 £'000
Interest on bank loans	2,181	2,338
Other interest	2	31
Total interest expense	2,183	2,369
Amortisation of loan issue costs	193	234
Write off of loan issue costs	370	–
	2,746	2,603

12. Tax charge on profit

a) Tax on profit on ordinary activities

	2009 £'000	2008 £'000
Current tax		
United Kingdom corporation tax charge at 28% (2008 28.5%) based on the profit for the year	5,368	3,463
Adjustments in respect of prior years	(5)	49
Total current tax	5,363	3,512
Deferred tax		
Timing differences, origination and reversal	(221)	(526)
Adjustments in respect of prior years	26	(34)
Total deferred tax (note 24)	(195)	(560)
Tax charge on profit	5,168	2,952

OVERVIEW

REVIEW OF THE BUSINESS

GOVERNANCE

FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

12. Tax charge on profit (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than that resulting from applying a blended standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £'000	2008 £'000
Profit before taxation	18,512	10,069
Tax charge on profit at standard rate	5,183	2,870
Effects of		
Disallowed expenses and non-taxable income	16	67
Adjustments to tax charge in respect of previous periods	(31)	15
Total actual amount of current tax charge	5,168	2,952

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 2009			Year ended 31 December 2008		
	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	13,344	35,345,702	37.75	7,117	35,113,078	20.27
Effect of dilutive securities						
Options and conditional shares	-	201,909	(0.21)	-	8,997	(0.01)
Earnings per share diluted	13,344	35,547,611	37.54	7,117	35,122,075	20.26

14. Dividends

	2009 £'000	2008 £'000
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 December 2008 of 4.5 pence (2008: 3.4p) per share	1,590	1,192
Interim dividend for the year ended 31 December 2009 of 2.5p pence (2008: 2.0p) per share	884	702
	2,474	1,894
Amounts proposed and not recognised		
Proposed final dividend for the year ended 31 December 2009 of 5.6p (2008: 4.5p) per share	1,982	1,590

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 2008	14,133	2,282	16,415
Recognised on acquisition of trade and assets	-	391	391
At 1 January 2009 and at 31 December 2009	14,133	2,673	16,806

There are no recognised impairment losses at either 1 January 2008, 1 January 2009 or 31 December 2009 and accordingly, the carrying amount of goodwill is the purchase cost.

Goodwill acquired in a business combination is allocated as follows:

	2009 £'000	2008 £'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
	16,806	16,806

There were no acquisitions in financial year 2009.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

15. Goodwill (continued)

The Harvey & Thompson Ltd CGU was created when H & T Group plc acquired Harvey & Thompson Limited in September 2004. Management is unable to allocate this goodwill by store and accordingly, tests this for impairment at the subsidiary entity level, adjusted for the recoverable amount of CGU's acquired after September 2004. All assets acquired after September 2004 are reviewed for impairment at the related store level. The stores are grouped for financial reporting purposes by year of acquisition to facilitate presentation and comparability on a year by year basis. Additionally, store performance is monitored by management based on the year of acquisition as the historic performance of an individual store is linked to its acquisition date. This approach is reflected in the way management has presented the above CGUs.

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

16. Other intangible assets

	Software £'000	Customer relation- ships £'000	Total £'000
Cost			
At 1 January 2008	1,992	704	2,696
Additions	365	–	365
Acquired on acquisition of trade and assets	–	330	330
Disposals/written off	(855)	–	(855)
At 1 January 2009	1,502	1,034	2,536
Additions	56	–	56
At 31 December 2009	1,558	1,034	2,592
Amortisation			
At 1 January 2008	1,123	93	1,216
Charge for the year	–	159	159
Disposals	(10)	–	(10)
At 1 January 2009	1,113	252	1,365
Charge for the year	6	175	181
At 31 December 2009	1,119	427	1,546
Carrying amount			
At 31 December 2009	439	607	1,046
At 31 December 2008	389	782	1,171

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.

Included within disposals and written off intangibles in 2008 is the permanent reduction in carrying value of the bespoke point of sale system of £855,000. The directors are of the opinion that this asset no longer exists in the Group and accordingly, it has been removed from the cost of intangible assets.

17. Property, plant and equipment

	Short leasehold premises £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2008	8,923	2,529	2,922	14,374
Additions	2,484	248	578	3,310
Acquisition of trade and assets	20	–	–	20
Disposals	(290)	(19)	(96)	(405)
At 1 January 2009	11,137	2,758	3,404	17,299
Additions	2,783	596	491	3,870
Disposals	(251)	(165)	(54)	(470)
At 31 December 2009	13,669	3,189	3,841	20,699
Accumulated depreciation and impairment				
At 1 January 2008	4,795	1,722	1,764	8,281
Charge for the year	975	261	250	1,486
Disposals	(197)	(30)	(65)	(292)
At 1 January 2009	5,573	1,953	1,949	9,475
Charge for the year	1,262	348	326	1,936
Disposals	(174)	(114)	(38)	(326)
At 31 December 2009	6,661	2,187	2,237	11,085
Carrying amount				
At 31 December 2009	7,008	1,002	1,604	9,614
At 31 December 2008	5,564	805	1,455	7,824

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

	2009 £'000	2008 £'000
Retail and scrap stock	23,029	10,730

The retail and scrap stock consists of over 99% of gold and jewellery items. The remaining balance is miscellaneous items (mostly electrical goods and art pieces) which were previously held as pledge collaterals and subsequently forfeited.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

20. Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	41,220	35,200
Other debtors	433	72
Pledge accrued income	5,619	5,022
Prepayments and other accrued income	1,360	1,246
	48,632	41,540

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

Cash and cash equivalents

	2009 £'000	2008 £'000
Cash and cash equivalents	2,221	2,744

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

	2009 £'000	2008 £'000
Trade creditors	2,047	1,262
Other taxation and social security costs	408	286
Accruals and deferred income	4,471	3,776
	6,926	5,324

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 29 days (2008: 28 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.

	2009 £'000	2008 £'000
Corporation tax	3,148	2,542

22. Borrowings

	2009 £'000	2008 £'000
Secured borrowing at amortised cost		
Bank loans	44,500	37,156
Unamortised issue costs	(537)	(500)
Total borrowings	43,963	36,656
Short term portion of bank loan	-	2,000
Unamortised issue costs*	(150)	(223)
Amount due for settlement within one year	(150)	1,777
Long term portion of bank loan	44,500	35,156
Unamortised issue costs	(387)	(277)
Amount due for settlement after more than one year	44,113	34,879

*Unamortised issue costs in 2009 are offset against accruals

The Group refinanced its debt facilities on 30 July 2009, in order to remove near term refinancing risk and to secure an enlarged facility

The key terms of the new facility are

Key Term	Description
Total Facility Size	£50m
Termination Date	29 July 2013
Utilisation	The aggregate of loans outstanding is not to exceed 92.5% of the pledge book plus 80% of the market value of retail gold stocks. The percentage of the pledge book security must, as at 31 December 2009, be at least 75% of the loan outstanding.
Margin	The facility has an interest calculation of LIBOR plus a margin of 3.00%. A margin ratchet offering reduced interest rates may come into force from 30 September 2010 depending on the ratios as stipulated in the Credit Agreement. The lowest achievable margin is 2.00%.
Interest Payable	Interest due on the loans is payable at each interest period end. As at 31 December 2009, 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

Deferred debt issue costs brought forward from 2008 totalled £500,000 of which £130,000 has been amortised up until the date of the refinancing. This left a balance of £370,000 which has been written off.

A further movement in deferred debt issue costs of £62,500 relates to the amortisation of the £600,000 fee incurred on the refinancing for the period from 30 July to 31 December 2009.

Security

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

Undrawn borrowing facilities

At 31 December 2009, the Company had available £2,215,000 (2008: £5,844,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

22. Borrowings (continued)

Derivative financial instruments

The Company has in place an interest rate swap agreement that hedges the one month LIBOR element of the interest cost on £34,000,000 (2008 £35,000,000) of the borrowings to 2.63% (2008 5.315%) and expires on 31 August 2012. The fair value of these instruments at 31 December 2009 was £438,000 (2008 £665,000).

23. Derivative financial instruments

	Current 2009 £'000	2008 £'000
Financial assets carried at fair value through profit or loss ("FVTPL")		
Interest rate swaps – liability	438	665

The change in fair value of the interest rate swaps is recorded in the Consolidated Statement of Comprehensive Income, being a gain of £227,000 in the year to 31 December 2009 (2008 loss of £647,000).

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

24. Deferred tax

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

	Fixed assets differences £'000	Hold over capital gain £'000	Short term timing differences £'000	Share based payment £'000	Derivative financial instruments £'000	Total £'000
At 1 January 2008	313	294	(227)	(10)	(5)	365
(Credit)/charge to income	(295)	-	(60)	10	(181)	(526)
Prior year adjustment	19	(53)	-	-	-	(34)
At 1 January 2009	37	241	(287)	-	(186)	(195)
Charge/(credit) to income	11	-	(187)	(108)	63	(221)
Credit to equity	-	-	-	(110)	-	(110)
Prior year adjustment	26	-	-	-	-	26
At 31 December 2009	74	241	(474)	(218)	(123)	(500)

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.

25. Provisions

	Dilapidation provision £'000
At 1 January 2008 and 1 January 2009	75
Additional provision	151
Provision utilised in the year	(1)
Provision released in the year to the Consolidated Statement of Comprehensive Income	(57)
At 31 December 2009	168

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

26. Financial instruments

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

	Fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Book value total £'000	Fair value total £'000
At 31 December 2009					
Financial assets					
Pawnbroking trade receivables	-	43,496	-	43,496	52,753
Cheque cashing trade receivables	-	2,679	-	2,679	2,679
Other financial services trade receivables	-	642	-	642	642
Other assets	-	455	-	455	455
Cash and cash equivalents	-	2,221	-	2,221	2,221
Financial liabilities					
Trade and other payables	-	-	(4,926)	(4,926)	(4,926)
Borrowings due after one year	-	-	(44,500)	(44,500)	(44,500)
Interest rate derivatives	(438)	-	-	(438)	(438)
Net financial assets/(liabilities)	(438)	49,493	(49,426)	(371)	8,886

	Fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Book value total £'000	Fair value total £'000
At 31 December 2008					
Financial assets					
Pawnbroking trade receivables	-	36,999	-	36,999	42,860
Cheque cashing trade receivables	-	2,642	-	2,642	2,642
Other financial services trade receivables	-	441	-	441	441
Other assets	-	212	-	212	212
Cash and cash equivalents	-	2,744	-	2,744	2,744
Financial liabilities					
Trade and other payables	-	-	(3,992)	(3,992)	(3,992)
Borrowings due within one year	-	-	(2,000)	(2,000)	(2,000)
Borrowings due after one year	-	-	(35,156)	(35,156)	(35,156)
Interest rate derivatives	(665)	-	-	(665)	(665)
Net financial assets/(liabilities)	(665)	43,038	(41,148)	1,225	7,086

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

26. Financial instruments (continued)

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 and are considered to have a fair value the same as their book value
- (iv) For derivative instruments, the fair value has been calculated by discounting the future estimated cash flows based on the applicable yield curve derived from quoted interest rates
- (v) For borrowings and trade and other payables, the book value approximates to fair value because of their short maturities and interest rates where applicable. None of the trade or other payables are interest bearing. The borrowings are all held at floating interest rates which approximate market rates, and accordingly, the book value and fair value are the same

Of the fair value measurements, only the derivative interest rate swap and the cash balances are derived from quoted prices. All other measurements are derived from valuation techniques that include inputs for the asset or liability that are not based upon observable market data

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 value is £54,764,000 (2008: £43,074,000), which compares with the total book value of the pledge book plus associated accrued interest of £43,496,000 (2008: £36,999,000)

- ii) Seeking to improve redemption ratios
- For existing customers, loan history and repayment profiles are factored into the loan making decision. The Group have a high customer retention ratio and all customers are offered high customer service levels

Assuming the pledge book outstanding at the balance sheet date was outstanding for the whole year, a 2% increase/decrease in the Group's redemption ratio (i.e. default ratio) is estimated to impact the pre-tax profit by £160,000/(£160,000)

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

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

26. Financial instruments (continued)

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

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

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

	£'000
Balance at 1 January 2008	89
Net Consolidated Statement of Comprehensive Income charge	130
Written off	(89)
Balance at 31 December 2008	130
Net Consolidated Statement of Comprehensive Income charge	303
Written off	(130)
Balance at 31 December 2009	303

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

	2009 £'000	2008 £'000
0-90 days	6,602	5,444
Over 90 days	3,767	1,511
Total	10,369	6,955

The Group has not provided for the £10,369,000 (2008 £6,955,000) 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 for around three months after the end of the credit agreement since it is commercial practice to allow additional time for the customers to come and redeem their pledged items, for an additional fee.

The maximum exposure to credit risk would be £43,496,000 (2008 £36,999,000), being the gross carrying amount net of any amounts offset and any impairment losses.

Other trade receivables

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

26. Financial instruments (continued)

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

	Cheque Cashing £'000	Other Financial Services £'000	Total £'000
Balance at 1 January 2008	362	261	623
Net Consolidated Statement of Comprehensive Income charge	2,735	309	3,044
Written off	(2,510)	(434)	(2,944)
Balance at 31 December 2008	587	136	723
Net Consolidated Statement of Comprehensive Income charge	2,227	374	2,601
Written off	(2,111)	(290)	(2,401)
Balance at 31 December 2009	703	220	923

The Group has no overdue receivables at the reporting date (2008 £nil). Trade receivables not overdue are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

Cash and cash equivalents

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

The concentration of bank balances by counterparty financial institution are as follows

	Credit rating	2009 £'000	2008 £'000
Barclays Bank plc	Aa3	(5)	1,076
The Royal Bank of Scotland plc	Aa3	539	493
		534	1,569

Derivative financial instruments

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

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

Market risk

Pawnbroking trade receivables

The collateral which protects the Group from credit risk on non-redemption of pawn loans is 99% (2008 -99%) comprised of gold and jewellery items. The value of these items as security is directly linked to the price of gold. The Group is therefore exposed to adverse movements in the price of gold on the value of the security that would be attributable for sale in the event of default by the borrower. The Group considers this risk to be limited for a number of reasons. First of all, the Group applies conservative lending policies in pawnbroking pledges reflected in the margin made on scrap gold when contracts forfeit. The value of gold for our customers is also much greater than the price of gold since jewellery items contain a retail margin. The Group is also protected due to the short term value of the pawn contract (6 months). In the event of a significant drop in the price of gold, the Group could mitigate this risk by reducing its lending policy on pawnbroking pledges or by entering gold hedging instruments. Management monitors the gold price on a constant basis. Based on the price of gold on 22 February 2010, the Group estimates that a 40% fall in the price of gold would be required for the pledge collateral to no longer support the value of the pawn loans and associated accrued interest. The directors are of the opinion that a decrease of this magnitude is highly unlikely.

26 Financial instruments (continued)

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

- i) A lower gold price will adversely affect the scrap disposition margins on existing stock, whether generated by pledge book forfeits or via the Group's purchasing operations. While scrap profits will be impacted immediately, retail margins may be less impacted in the short term
- ii) While the Group's lending and purchasing rates do not track gold price movements in the short term, any sustained fall in the price of gold is likely to cause lending and purchasing rates to fall in the longer term thus potentially reducing future profitability as
 - a the size of the pledge book and associated yield is directly linked to lending rates, and
 - b assuming constant disposition margins, absolute disposition profits would decrease as lending and purchasing rates decrease
- iii) A lower gold price may reduce the attractiveness of the Group's gold purchasing operations

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

Liquidity risk

Borrowings & Derivatives

The Group has significant borrowings exposing it to liquidity risk in both repayment of borrowings and availability of finance. In order to mitigate this risk, the Group uses a mixture of short-term and long-term debt finance with banking institutions with high credit-ratings assigned by international credit-rating agencies. The current borrowings are disclosed in detail in note 22, which shows that the Group has arrangements in place to ensure sufficient funding is in place until 2013 under the current agreements. At 31 December 2009, the Group also has available £2,215,000 (2008 £5,844,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. This level of headroom is considered sufficient to finance operations at the current level, and as described in note 22, the Group is able to draw increased debt toward the £50 million total facility size dependent on the pledge balance. Furthermore, as shown in note 30, the business generates a positive cash flow from operating activities and has discretion in its expansion programme should the Group need to improve short term cash flow.

The Group is in full compliance with all loan covenants.

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

	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
Payments due by period								
At 31 December 2009								
Floating rate borrowings	129	128	517	891	2,254	2,787	46,356	53,062
Trade and other payables	2,047	2,879	–	–	–	–	–	4,926
Non-derivative total	2,176	3,007	517	891	2,254	2,787	46,356	57,988
Derivatives	59	60	234	289	192	(143)	–	691
Total	2,235	3,067	751	1,180	2,446	2,644	46,356	58,679
At 31 December 2008								
Floating rate borrowings	112	118	1,486	1,731	3,904	33,324	–	40,675
Trade and other payables	1,259	2,733	–	–	–	–	–	3,992
Non-derivative total	1,371	2,851	1,486	1,731	3,904	33,324	–	44,667
Derivatives	(65)	(37)	775	–	–	–	–	673
Total	1,306	2,814	2,261	1,731	3,904	33,324	–	45,340

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

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.

The Group mitigates exposure to this interest rate risk through the use of a financial derivative instrument that fixes the 1 month LIBOR element of the interest cost of a portion of the bank loans to 2.63%. This swap was transacted with Barclays Bank plc on 19 August 2009 and terminates on 31 August 2012. The swap covers £34,000,000 of the loan balance, and hence as at 31 December 2009, the Group was exposed to 1 month LIBOR movements on £11,500,000 of its total borrowings. The fair value of the instrument at 31 December 2009 is a liability of £438,000 (see note 23).

Interest Rate Derivatives

As required by IAS 39, the Group measures the interest rate swaps at fair value at each balance sheet date. The Group does not apply hedge accounting. Accordingly, while the Group mitigates cash flow interest rate risk arising on the borrowings class through these instruments, the Group is exposed to fair value risk on the revaluation of the instrument. The sensitivity analyses below have been determined based on the exposure to interest rates for both the borrowings class and the Interest rate derivatives class, as these are intrinsically linked. For floating rate liabilities (the borrowings class), the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	1.0% decrease in interest rates £'000	1.0% increase in interest rates £'000
At 31 December 2009		
Finance costs: gain/(loss)	78	(105)
Movement in fair value of interest rate swap (loss)/gain	(770)	875
Total pre tax impact on profit from gain/(loss)	(692)	770
Post tax impact on equity gain/(loss)	(498)	554
At 31 December 2008		
Finance costs: gain/(loss)	11	(11)
Movement in fair value of interest rate swap (loss)/gain	(173)	180
Total pre tax impact on profit from (loss)/gain	(162)	169
Post tax impact on equity (loss)/gain	(117)	122

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

Financial Assets

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

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

27 Share capital

	2009 £'000	2008 £'000
Authorised		
41,970,000 (2008 41,970,000) ordinary shares of £0.05 each	2,099	2,099
Issued and fully paid		
35,390,164 (2008 35,339,190) ordinary shares of £0.05 each	1,770	1,767

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

In 2009 50,974 new ordinary £0.05 shares were issued, called up and fully paid. Of these new ordinary shares, 48,512 were issued to satisfy options granted under the 2006 Option Schemes exercised at a grant price of £1.825 per share on 25 February 2009, resulting in an increase in share capital of £2,426 and in the share premium account of £86,109. The remaining 2,462 shares were acquired by the Employee Benefit Trust as part of the LTIP 2009 (see note 28) and were issued at par value on 18 June 2009.

In 2008 253,484 new ordinary £0.05 shares were issued, called up and fully paid. Of these new ordinary shares, 1,299 were issued to satisfy options granted under the 2006 Option Schemes exercised at a grant price of £1.825 per share on 20 February 2008, resulting in an increase in share capital of £65 and in the share premium account of £2,036. The remaining 252,185 shares were acquired by the Employee Benefit Trust as part of the LTIP 2008 (see note 28) and were issued at par value on 12 November 2008.

Options over shares of the Company are disclosed in note 28. Under these share option arrangements, there are 1,474,382 (2008 1,297,841) open options over shares.

Employee Benefit Trust shares reserve

Under the terms of the Group Long Term Incentive Plan ('LTIP') for the directors, the parent Company issued 2,462 ordinary shares of £0.05 to the Employee Benefit Trust, with consideration 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 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.

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

Capital risk management

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

27. Share capital (continued)

Gearing ratio

The Group reviewed its gearing ratio determined as the proportion of net debt to equity at the time of its flotation in May 2006 and considered it as appropriate. Although the Group reviews its gearing ratio at each reporting date, no specific target has been fixed by management.

	2009 £'000	2008 £'000
The gearing ratio at the year end is as follows		
Debt	44,500	37,156
Cash and cash equivalents	(2,221)	(2,744)
Net debt	42,279	34,412
Equity	47,029	35,748
Net debt to equity ratio	90%	96%

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 2009, the Company operated three share award schemes. The charge for the year in respect of all schemes was:

	2009 £'000	2008 £'000
A Approved Share Option Scheme	54	67
B Unapproved Share Option Scheme	70	98
C Long-term Incentive Plan	114	13
	238	178

Awards that can be granted under the three schemes total a maximum of 3,539,016 shares (2008: 2,098,500 shares).

A Approved Share Option Scheme ('ASOS')

The Approved Share Option Scheme is a share option scheme approved by HMR&C 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 applied were:

- In 2009, 2008 and 2007 that an option may not be exercisable, subject to the discretion of the Remuneration Committee, unless the growth in Earnings Per Share (EPS) of H & T Group plc reaches 3% above the General Index of Retail Prices.
- In 2006 that an option may not be exercisable unless the H & T Group plc Group reaches the yearly EBITDA budget target set for the financial year.

Exercise of an option is subject to continued employment over a three year period from the date of 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)

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	94,301	8/09/2009	7/09/2016
ASOS 2007	May 2007	217.5	116,018	17/05/2010	16/05/2017
ASOS 2008	May 2008	175.5	196,953	15/05/2011	14/05/2018
ASOS 2009	April 2009	194.0	222,164	01/05/2012	30/04/2019

An external valuation firm has calculated the fair value of the options 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:

	2009	2008
Fair value at measurement date	36.4 pence	36.3 pence
Weighted average share price	194.0 pence	175.5 pence
Weighted average exercise price	194.0 pence	175.5 pence
Expected volatility	24.7 %	20.6 %
Expected life	6.5 years	6.5 years
Risk-free rate	2.7 %	4.99 %
Expected dividends	3.3 %	3.4 %

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

The average remaining contractual life is 8.2 years.

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

	Number of share options	2009 Weighted average exercise price (in pence)	Number of share options	2008 Weighted average exercise price (in pence)
Outstanding at beginning of period	475,367	188.8	278,504	199.9
Granted during the period	235,079	194.0	224,813	175.5
Forfeited during the period	(59,397)	190.2	(26,651)	192.7
Exercised during the period	(21,613)	182.5	(1,299)	182.5
Outstanding at the end of the period	629,436	190.8	475,367	188.8
Exercisable at the end of the period	94,301	182.5	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

28. Share based payments (continued)

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 were:

- In 2009, 2008 and 2007 that an option may not be exercisable, subject to the discretion of the Remuneration Committee, unless the growth over 3 years in Earnings Per Share (EPS) of H & T Group plc reaches on average at least 8%. This applies to 25% of the options granted.
- In 2009, 2008 and 2007 that an option may not be exercisable, subject to the discretion of the Remuneration Committee, unless the growth over 3 years in Earnings Per Share (EPS) of H & T Group plc reaches on average at least 10%. This applies to 25% of the options granted.
- In 2009, 2008 and 2007 that an option may not be exercisable unless the Total Shareholder Return (TSR) over 3 years exceeds the FTSE AIM 100 performance. This applies to 50% of the options granted.
- In 2006 that an option may not be exercisable unless H & T Group plc reaches the yearly EBITDA budget target set for the financial year.

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

The options outstanding at the year end were as follows:

	Grant date	Exercise price Pence	Number of shares	Earliest date of exercise	Expiry date
USOS 2006	September 2006	182.5	151,780	8/09/2009	7/09/2016
USOS 2007	May 2007	217.5	158,147	17/05/2010	16/05/2017
USOS 2008	May 2008	175.5	205,729	15/05/2011	14/05/2018
USOS 2009	April 2009	194.0	223,006	01/05/2012	30/04/2019

An external valuation firm has undertaken fair value calculations for the unapproved schemes using a Stochastic model, with the results and key assumptions as follows:

		2009	2008
Fair value at measurement date	Non-TSR criteria	36.4 pence	35.0 pence
	TSR criteria	26.1 pence	24.6 pence
Weighted average share price		194.0 pence	175.5 pence
Weighted average exercise price		194.0 pence	175.5 pence
Expected volatility		24.7 %	20.6 %
Expected life		6.5 years	6.5 years
Risk-free rate		2.7 %	4.99 %
Expected dividends		3.3 %	3.4 %

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

The average remaining contractual life is 7.9 years.

28. Share based payments (continued)

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

	Number of share options	2009 Weighted average exercise price (in pence)	Number of share options	2008 Weighted average exercise price (in pence)
Outstanding at beginning of period	822,474	190.0	511,332	198.9
Granted during the period	223,006	194.0	311,142	175.5
Forfeited during the period	(173,635)	190.1	–	–
Exercised during the period	(26,899)	182.5	–	–
Outstanding at the end of the period	844,946	191.3	822,474	190.0
Exercisable at the end of the period	187,396	182.5	–	–

C Long-term Incentive Plan ('LTIP')

The LTIP is a discretionary share incentive scheme under which the Remuneration Committee of H & T Group plc can grant ordinary shares at no cost to executive directors

The LTIP operates as conditional shares awarded over a three year performance period. The performance period commences on the start of the financial year of the grant date.

The performance measurement condition is based on Total Shareholder Return (TSR) and an Earnings Per Share (EPS) test.

The performance conditions were:

- That the award may not be exercisable, subject to the discretion of the Remuneration Committee, unless the growth over 3 years in Earnings Per Share (EPS) of H & T Group plc reaches on average at least 8% plus RPI. This applies to 25% of the shares granted.
- That the award may not be exercisable, subject to the discretion of the Remuneration Committee, unless the growth over 3 years in Earnings Per Share (EPS) of H & T Group plc reaches on average at least 10% plus RPI. This applies to 25% of the shares granted.
- That the award may not be exercisable unless the Total Shareholder Return (TSR) over 3 years exceeds the FTSE AIM 100 performance. This applies to 50% of the shares granted.

Exercise of the conditional shares is 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 conditional shares granted during the year end outstanding at the year end were as follows:

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2009 continued

28 Share based payments (continued)

The conditional shares were valued by an external valuation firm using a Stochastic model. The fair value result and key assumptions used are as follows:

		2009	2008
Fair value at measurement date	Non-TSR criteria	197.1 pence	154.0 pence
	TSR criteria	113.6 pence	143.6 pence
Weighted average share price		197.0 pence	154.0 pence
Weighted average exercise price		0 pence	0 pence
Expected volatility		26.0 %	27.2 %
FTSE AIM 100 index volatility		26.7 %	25 % pa
Correlation between H & T Group and the FTSE AIM 100 index		20 %	25 %

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.

The average remaining contractual life is 2.0 years.

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

	Number of conditional shares	2009 Weighted average exercise price (in pence)	Number of share options	2008 Weighted average exercise price (in pence)
Outstanding at beginning of period	252,185	-	-	-
Granted during the period	80,428	-	252,185	-
Forfeited during the period	(77,966)	-	-	-
Outstanding at the end of the period	254,647	-	252,185	-

29 Operating lease arrangements

The group as lessee:

	2009 £'000	2008 £'000
Minimum lease payments under operating leases recognised as an expense in the year	4,007	2,846

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	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Within one year	3,646	2,942	46	19
In the second to fifth years inclusive	13,552	10,438	56	17
After five years	17,470	13,845	-	-
	34,668	27,225	102	36

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.

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

	2009 £'000	2008 £'000
Profit for the financial year	13,344	7,117
Adjustments for		
Investment revenues	(1)	(45)
Finance costs	2,746	2,603
Movement in fair value of interest rate swap	(227)	647
Movement in provisions	93	(44)
Tax expense – Consolidated Statement of Comprehensive Income	5,168	2,952
Depreciation of property, plant and equipment	1,936	1,486
Amortisation of intangible assets	181	159
Share-based payment expense	238	178
Loss on disposal of fixed assets	144	113
Loss on disposal/write off of intangible assets	–	845
Operating cash flows before movements in working capital	23,622	16,011
Increase in inventories	(12,299)	(3,708)
Increase in receivables	(7,092)	(4,892)
Increase in payables	1,885	1,208
Cash generated from operations	6,116	8,619
Income taxes paid	(4,759)	(2,163)
Debt restructuring cost	(600)	–
Interest paid	(2,183)	(2,369)
Net cash (absorbed by)/generated from operating activities	(1,426)	4,087

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'

	2009 £'000	2008 £'000
Short-term employee benefits	1,147	937
Pension contributions	25	21
Share-based payments	189	108
	1,361	1,066

32. Capital commitments

There is no significant capital expenditure authorised and contracted for but not provided in the accounts (2008: £nil)

33. Events after the balance sheet date

The directors have proposed a final dividend for the year ended 31 December 2009 of 5.6p (note 14)

Independent Auditors' Report to the members of H & T Group plc

We have audited the parent company financial statements of H & T Group plc for the year ended 31 December 2009 which comprise the Company Balance Sheet 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 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 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 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 (APB'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.

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 2009 and its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion

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

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the group financial statements of H & T Group plc for the year ended 31 December 2009.

Graham C. Pickett
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory
Auditors
Crawley, United Kingdom
22 March, 2010

Company Balance Sheet

At 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments	C	238	-
		238	-
Current assets			
Debtors	D	41,600	30,424
Cash at bank and in hand		3	4
		41,603	30,428
Creditors amounts falling due within one year	E	(847)	(39)
Net current assets		40,756	30,389
Total assets less current liabilities		40,994	30,389
Net assets		40,994	30,389
Capital and reserves			
Called up share capital	F	1,770	1,767
Share premium account		24,083	23,996
Employee Benefit Trust shares reserve		(13)	(13)
Share option reserve		238	-
Profit and loss account		14,916	4,639
Total shareholders' funds		40,994	30,389

The financial statements of H & T Group plc, registered number 05188117, were approved by the board of directors and authorised for issue on 22 March, 2010

Signed on behalf of the Board of Directors by

J G Nichols
Chief Executive

OVERVIEW

REVIEW OF THE BUSINESS

GOVERNANCE

FINANCIAL STATEMENTS

**Company Combined Reconciliation of Movements in Shareholders' Funds
and Statement of Movements on Reserves**
Year ended 31 December 2009

			Employee benefit				
	Note	Share capital £'000	Share premium account £'000	trust shares reserve £'000	Share option reserves £'000	Profit and loss account £'000	2009 Total £'000
							2008 Total £'000
Company							
At 1 January		1,767	23,996	(13)	-	4,639	32,347
Profit/(loss)							
for the financial year		-	-	-	-	12,751	(66)
Dividend paid		-	-	-	-	(2,474)	(1,894)
Issue of share capital	F	3	87	-	-	-	15
Employee Benefit							
Trust shares		-	-	-	-	-	(13)
Share option credit							
taken directly to equity		-	-	-	238	-	-
At 31 December		1,770	24,083	(13)	238	14,916	30,389

Notes to the Company Financial Statements

Year ended 31 December 2009

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 Finance Director's 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.

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 profit after taxation of £12,751,000 in 2009 (2008 - £66,000 loss). The key movement, year on year, relates to dividend income of £13,000,000 received from H & T Finance Ltd.

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

The directors did not receive any emoluments for their services to the company (2008 - £nil). Other than the directors, the Company has no employees in either financial year.

Notes to the Company Financial Statements

Year ended 31 December 2009 continued

C Investments

Shares in subsidiary undertakings

	Total £'000
Cost	
At 1 January 2009	-
Additions	238
At 31 December 2009	238

Within the cost at 1 January 2009 include cost of shares in subsidiary undertakings of £1

Additions relates to the share options given to subsidiary employees in 2009

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		Principal Activity
		Directly	Indirectly	
H & T Finance Limited	Great Britain	100%	-	Management of finance
Harvey & Thompson Limited	Great Britain	-	100%	Pawnbroking, jewellery sales, gold purchasing, unsecured lending, cheque cashing and related services

The Company owns directly or indirectly 100% of the voting rights in all subsidiary undertakings

D Debtors

	2009 £'000	2008 £'000
Amounts owed by subsidiary companies	41,566	30,395
Prepayments and accrued income	34	29
	41,600	30,424

E Creditors amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to parent company	821	-
Accruals and deferred income	26	39
	847	39

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

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

Birkenhead

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

Birmingham

10 Ethel Street, B2 4BG
Tel 0121 632 5166

Blackburn

29 Penny Street, BB1 6HQ
Tel 01254 667 660

Blackpool

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

Bolton

13 Newport Street, BL1 1NE
Tel 01204 385 530

Bootle

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

Bow

575 Roman Road, E3 5EL
Tel 020 8983 9553

Bradford

26 James Street, BD1 3PZ
Tel 01274 390 675

Brighton

4 Castle Square, BN1 1EG
Tel 01273 326 061

Burnt Oak

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

Bury

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

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

Clapham

9 Northcote Road, SW11 1NG
Tel 020 7228 3807

Clapton

157 Clapton Common, E5 9AE
Tel 020 8809 1488

Clydebank

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

Colchester

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

Corby

19 Corporation Street, NN17 1NG
Tel 01536 402 886

Cosham

32 High Street, PO6 3BZ
Tel 02392 389 940

County Road

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

Coventry

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

Coventry

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

Crawley

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

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
01325 361 781

Deptford

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

Derby

33 Victoria Street, DE1 1ES
Tel 01332 291 623

Doncaster

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

Dudley

215 Wolverhampton St, DY1 1EF
Tel 01384 238 577

Dundee

116 Seagate, DD1 2ET
Tel 01382 205 213

Durham

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

East 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 Launston Place, EH3 9HX
Tel 0131 229 4448

Ellesmere Port

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

Eltham

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

Fareham

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

Finsbury

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

Fulham

224 Northend Road, W14 9NU
Tel 020 7385 3188

Gateshead

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

Gillingham

169 High Street, ME7 1AQ
Tel 01634 855 053

Glasgow

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

Govan

595 Govan Road, G51 2AS
Tel 0141 445 1567

Gravesend

21 King Street, DA12 2EB
Tel 01474 363 611

Great Western

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

Greenock

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

Hammersmith

134 King Street, W6 0QU
Tel 020 8563 8585

Store Directory continued

Harrow

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

Hastings

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

Hounslow

30 High Street, TW3 1NW
Tel 020 8570 4626

Hyde

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

Ilford

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

Irvine

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

Kilmarnock

25 King Street, KA1 1PT
Tel 01563 527 748

Kirkby

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

Kirkcaldy

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

Leeds

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

Leicester

69 Market Place, LE1 5EL
Tel 0116 262 4566

Leigh

53 Bradshawgate, WN7 4NB
Tel 01942 673 012

Leith

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

Leyton

281 High Road, E10 5QN
Tel 020 8539 8332

Liverpool

Unit 6, 42-46 Whitechapel, L1 6EF
Tel 0151 709 2151

Livingston

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

Luton

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

Macclesfield

23 Chestergate, SK11 6BX
Tel 01625 430 699

Newcastle

16 Newgate Shopping Centre, NE1 5RB
Tel 0191 232 6908

Northampton

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

Nottingham

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

Orpington

Lewins Jewellers, 221 High Street,
BR6 0NZ
Tel 01689 870 280

Paddington

63 Praed Street, W2 1NS
Tel 020 7723 5736

Partick

333 Dumbarton Road, G11 6AL
Tel 0141 334 1258

Peckham

51 High Street, SE15 5EB
Tel 020 7703 4547

Peterborough

1 Westgate, PE1 1YQ
Tel 01733 310 794

Poplar

22 Market Way, E14 6AH
Tel 020 7987 1596

Portsmouth

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

Preston

11 Friargate, PR1 2AU
Tel 01772 563 495

Reading

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

Rochdale

92 Yorkshire Street, OL16 1JX
Tel 01706 525 709

Rotherham

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

Rugby

1 Church Street, CV21 3PH
Tel 01788 577 110

Runcorn

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

Rutherglen

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

Salford

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

Scunthorpe

114 High Street, DN15 6HB
Tel 01724 843 817

Sheffield

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

Slough

64 High Street, SL1 1EL
Tel 01753 693 303

Southampton

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

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

Stirling

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

Stockport

109 Princes Street, SK1 1RW
Tel 0161 476 5860

Stockton

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

Stoke on Trent

49-51 Stafford Street, ST1 1SA
Tel 01782 268 144

Streatham

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

Stretford

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

Sunderland

26 Blandford Street, SR1 3JR
Tel 0191 565 0008

Surrey Quays

196 Lower Road, SE16 2UN
Tel 020 7231 6177

Sutton

246 High Street, SM1 1PA
Tel 020 8642 2115

Swindon

46 Bridge Street, SN1 1BL
Tel 01793 491 731

Tooting

63 Mitcham Road, SW17 9PB
Tel 020 8672 5127

Tooting Junction

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

Tuebrook

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

Wallsend

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

Walsall

10a Digbeth Square, WS1 1QU
Tel 01922 638 501

Walthamstow

234 High Street, E17 7JH
Tel 020 8521 8156

Walton Vale

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

Walworth

391 Walworth Road, SE17 2AW
Tel 020 7703 2946

Waterloo

111 Lower Marsh, SE1 7AE
Tel 020 7928 0382

Watford

114 High Street, WD17 2GW
Tel 01923 247 740

Welling

3 Bellegrove Road, DA16 3PA
Tel 020 8303 3645

Wembley

544 High Road, HA0 2AA
Tel 020 8795 5811

Wigan

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

Willesden

70 High Road, NW10 2PU
Tel 020 8459 3527

Wolverhampton

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

Wood Green

12 Cheapside, N22 6HH
Tel 020 8889 9484

Worksop

90 Bridge Street, S80 1JA
Tel 01909 480 146

Wythenshawe

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

H&T Group plc

Times House
Throwley Way
Sutton
Surrey
SM1 4AF
Tel 0870 9022 600
www.handtgroup.co.uk