RAMSDENS

HELPING YOU WITH
EVERYDAY LIFE

ANNUAL REPORT 2019

A YEAR OF GOOD PROGRESS

Profits grew in FY19 after new store investments.

PROFITABLE AND GROWING

£6.492m
PBT grew by 3%
(FY18: £6.312m)

£6.713m*
Underlying PBT grew by 4%
(FY18: £6.473m)

£8.250m*
Underlying EBITDA grew by 5%
(FY18: £7.890m)

STRONG FINANCIAL POSITION

£30.9m
Net Assets up £3.3m
(FY18: £27.6m)

including cash of
£13.4m
(FY18: £14.6m)

OPERATIONAL PROGRESS

705,000+
FX customers grew 4%

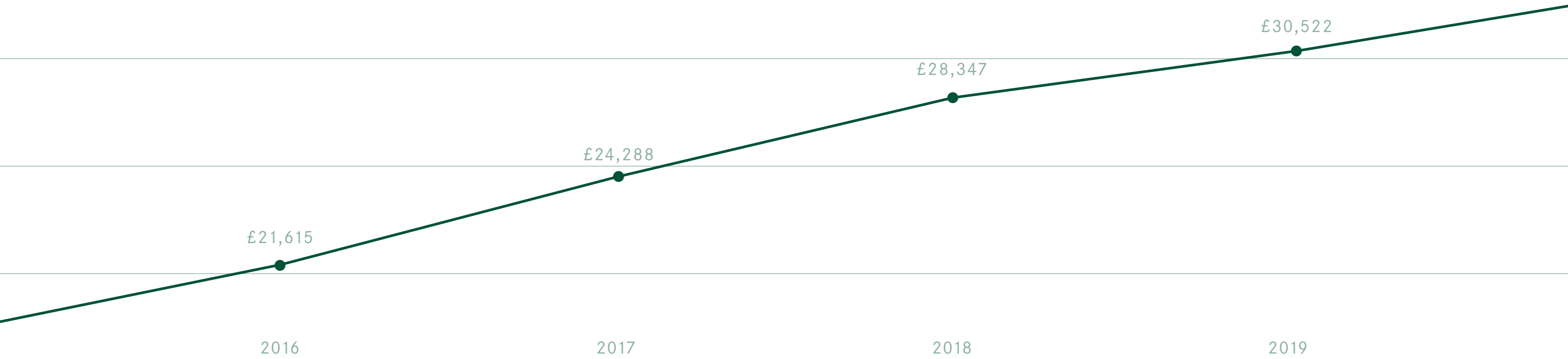
156
Store numbers increased from 131
(including 4 franchised stores)

£496m
Currency exchanged increased 2%

£7.6m
Pawnbroking loan book increased 19%

*The underlying figures above reflect Earnings before interest, tax, depreciation and amortisation (EBITDA) and Profit before Tax (PBT), adjusted for the share based payments charge. A full reconciliation is provided on page 17

FINANCIAL HIGHLIGHTS
GROSS PROFIT



EBITDA

2019 £8,250
2018 £7,890
2017 £6,010
2016 £4,733

PROFIT BEFORE TAX

2019 £6,492
2018 £6,473
2017 £4,053
2016 £2,336

OPERATING PROFIT

2019 £6,583
2018 £6,410
2017 £4,553
2016 £3,190

The figures above are underlying in £000's

Serving all your travel money needs

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

"This good performance reflects the continuing strengths of the Group's diversified business model."

INTRODUCTION

I am delighted to report on another year of good progress for Ramsdens. The Group's performance in FY19 has been achieved despite external headwinds including an exceptionally hot summer in 2018 in the UK, ongoing Brexit uncertainty impacting consumer confidence, and challenges affecting high-street retail. Against this backdrop, the resilience of the Group and strength of our diversified business model has delivered a financial performance in line with the Board's expectations for the year. In addition, we have made encouraging progress on our strategic ambitions.

GROUP SERVED OVER

832,000
Customers

ANDREW MEEHAN
Non-Executive Chairman

OUR BUSINESS

The first Ramsdens opened in Stockton-on-Tees in May 1987 and the Group retains its Teeside roots with its Head Office located in Middlesbrough. The last year has seen Ramsdens increase its national footprint considerably with the Group's store estate growing to 156 stores (including four franchised stores), up from 131 stores (including four franchised stores) at the end of the prior financial year.

In March 2019, the Group was delighted to announce the acquisition of 18 stores that previously traded as The Money Shop. This strategic acquisition supports the Group's growth strategy of expanding its presence and reach in the UK market and enables us to leverage the significant investments the Group has made in recent years across brand, IT systems and people. The acquisition plus the opening of 9 additional new stores as well as an expanded online presence has supported growth in each of our core business segments of foreign currency exchange, pawnbroking loans, precious metals buying and retailing of second hand and new jewellery.

The Group served more than 832,000 customers during the last financial year and, in a market where trust is critical, Ramsdens is an increasingly recognised brand in each of our four key business segments. Our continued investment in marketing, store appearance and store location remain an important factor in supporting the Group's growth.

FINANCIAL RESULTS & DIVIDEND

Group gross profit increased by 7.7% to £30.5m (FY18: £28.3m). This was despite the exceptional summer weather in the UK which, as has been widely reported by a number of travel operators, resulted in an increased trend for "staycation" holidays, the Group's foreign currency gross profit grew by 2%. Our investment in our jewellery operations led to 22% growth in gross profit from jewellery retail, which marked a very encouraging performance. Pawnbroking and precious metal buying also grew, by 8% and 10% respectively.

In line with the Board's expectations, the Group delivered an underlying* Profit Before Tax of £6.7m (FY18: £6.5m). Earnings per share were 16.7 pence (FY18:16.3 pence). This good performance reflects the continuing strengths of the Group's diversified business model.

The Group's financial position remains strong and its good cash generation has allowed for ongoing investment in the business and the continuation of the Board's progressive dividend policy. The Board is recommending a final dividend of 4.8 pence per share which, if approved at the shareholders' AGM, will take the full year dividend to 7.2 pence per share (FY18: 6.6 pence). Subject to approval at the AGM, the final dividend is expected to be paid on 20 September 2019 for those shareholders on the register on 23 August 2019.

The Strategic Report and Financial Review that follow provide a more in-depth analysis of the trading performance and financial results of the Group.

OUR TEAM

One of Ramsdens' greatest strengths is its people. Our aim is to nurture and develop the best talent in our industry, and to that end during the year the senior management team have been collectively undertaking a leadership development programme. This is assisting with an ongoing desire to enhance and demonstrate our three core values of being trusted, open and passionate.

The pride and enthusiasm shown by all of our employees continues to create a working environment of infectious enthusiasm to deliver the Group's mission statement, namely to provide a great customer offering and give such fantastic service that our customers become ambassadors for Ramsdens.

I would like to take this opportunity to thank everyone for their continued hard work and dedication during this past year.

THE FUTURE

The Group has a growing customer base, a great team and a diversified business model. The Board continues to believe that with its broad product offering, good cash generation and strong net asset base, the business remains well positioned for the future.

As is the case for most UK consumer-facing businesses, the Group continues to face external headwinds including prevailing Brexit uncertainty that is inevitably impacting consumer sentiment. Whilst the eventual outcome of the UK's negotiations to leave the EU remains uncertain, we are confident that, as a trusted brand with an outstanding value for money proposition, we will remain in a healthy position. A Brexit scenario that results in sterling weakening further, thereby supporting a higher gold price in sterling terms, could benefit both the Group's pawnbroking and the purchase of precious metals segments. In addition, we continue to believe that, in general terms, UK consumers will continue to prioritise their holidays abroad within their discretionary spending.

The Group's online jewellery retailing and click and collect foreign currency service have shown good progress and our investment in this area of the business will continue as we remain focused on expanding our online operations.

Our plan is to continue to execute our strategy of expanding the store estate. Further to our successful acquisition in March of a portfolio of 18 stores trading as The Money Shop, which has expanded Ramsdens' reach into existing and new communities, we will continue to appraise new acquisition opportunities as they arise on the same carefully considered basis.

Customer demand for our products across our key business segments remains strong and the Group has a number of clear growth opportunities. The Board remains confident that the Group will successfully deliver its growth strategy and make further progress in the year ahead.

*The underlying figures above reflect Earnings before interest, tax, depreciation and amortisation (EBITDA) and Profit before Tax (PBT), adjusted for the share based payments charge. A full reconciliation is provided on page 17

CHIEF EXECUTIVE'S REVIEW

A YEAR OF GOOD PROGRESS

We have continued to see benefits from our ongoing investments across the business. These include: staff training across all services; strengthening the Ramsdens brand to generate greater awareness of the services we provide; enhancing our jewellery retail offering; store relocations; and investment in our online activity to generate profit and support our increasing retail estate.

Our store portfolio increased to 156 stores with new greenfield locations and the strategic acquisition of 18 stores which formerly traded as The Money Shop.

STORE PORTFOLIO

156
Stores

PETER KENYON
Chief Executive Officer

The Group delivered growth in line with the Board's expectations for the year with underlying* EBITDA of £8.3m and underlying* PBT of £6.7m. This was achieved against a backdrop of: a challenging UK high street; a year with the absence of a peak Easter FX trading period; a summer of exceptionally hot weather in the UK; and investment in nine new stores where trading losses in the first year are typical and anticipated.

The Group exchanged £496m of currency during the year, which is testament to the scale and appeal of our FX offering. This generated £11.6m in commission (FY18: £11.3m). Retail jewellery gross profit increased by 22% to £5.0m (FY18: £4.1m) and pawnbroking interest grew by 8% to £7.5m (FY18: £7.0m).

OUR PEOPLE

Ramsdens' progress is underpinned by the willingness of our people to strive for continuous improvement. The team are focused on and committed to delivering fantastic service to our customers and this is evidenced by our high levels of repeat business together with customer recommendations remaining the biggest source of new customer acquisition.

This can only be achieved by the people being well trained, highly skilled, motivated to work hard and by maintaining a focus on the customer.

I am delighted with how our team rose to the challenge of March's acquisition of 18 additional stores and five additional loan books from Instant Cash Loans trading as The Money Shop. We were able to train our new employees and re-open for trading on the Group's IT platform within two days of acquiring the new stores. This was an amazing effort and demonstrates the commitment our people have to growing and developing Ramsdens. I would like to take this opportunity to thank each of my colleagues across the business for their contribution, dedication and effort during the year.

THE RAMSDENS BRAND

The high customer repeat levels for foreign currency exchange and pawnbroking loans demonstrates the trust our customers have in Ramsdens to provide a great price for their foreign currency and to look after their jewellery whilst in pledge.

The Group continues to drive customer awareness through sports sponsorship and advertising. Sheffield United's success in achieving promotion from The Championship to The Premier League has resulted in Ramsdens benefiting from a significant amount of TV and newspaper coverage. However, due to the cost of Premier League sponsorship, the shirt sponsorship has not been renewed for the forthcoming season.

The Group continues to explore other marketing and advertising avenues to grow the brand awareness and increase customer recognition of the diversified services available from Ramsdens.

IT AND INFRASTRUCTURE

The Group has continued to invest in and develop its bespoke customer centric IT operating system. Underpinning this system is a scalable infrastructure which undergoes regular capacity planning to ensure that the growth of the Group can not only accommodate its core business strategy but also readily take advantage of business acquisition opportunities. The system infrastructure is maintained with resiliency in all areas.

The Group maintains a continual focus on cyber security and the associated threat landscape. Keeping abreast of current threats by engaging with governing bodies and market leading security software vendors, the Group invests in its Cyber Security Framework with a layered approach to improve the protection of the systems and the data held.

The Group's internal IT Team provide a highly effective and efficient service ensuring the support requirements of the Group are fulfilled. The IT Team are also integral to the Group's business expansion strategy provisioning new store locations, relocations and acquisitions of single and multiple stores.

UNDERLYING* EBITDA

£

£8.3m
for the year

CURRENCY EXCHANGED

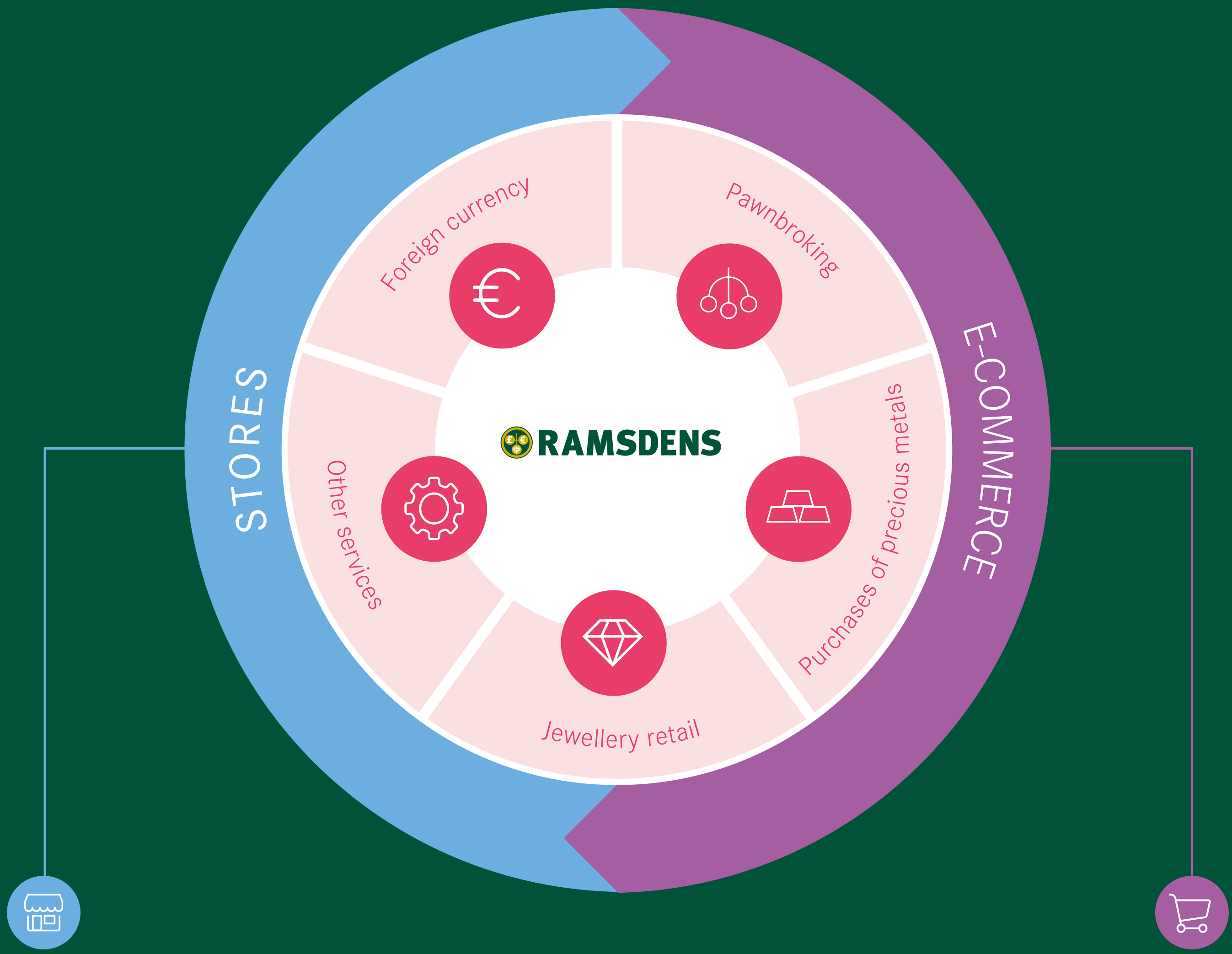
€

£496m
during the year

*The underlying figures above reflect Earnings before interest, tax, depreciation and amortisation (EBITDA) and Profit before Tax (PBT), adjusted for the share based payments charge. A full reconciliation is provided on page 17

OUR DIVERSIFIED BUSINESS MODEL: SALES CHANNELS

The Group served more than 832,000 customers in the year across stores and online. Both channels are important to achieving the strategic objectives of the business and, importantly, satisfying its customers.



STORES

With the exception of one store that was relocated in December 2018, every established store that was opened by Ramsdens prior to 2018 is profitable and contributed to Head Office costs in 2019.

Despite a broad range in the size of our stores, each Ramsdens branch offers all of the Group's services. Our strategy for continuously improving the core estate includes relocating stores to higher footfall locations and, in the last year, Glasgow, Halifax, Grimsby, Barrow and Redcar relocated.

Both the Group's new greenfield sites and recently acquired branches are all in town centre locations. This reflects the diversified income streams and customer offer we have, which have evolved significantly from our roots as a pawnbroker. Nine new stores were opened in the year in Kendal, Preston, Whitehaven, Alloa, Castleford, Otley, Bristol, Ripon and Workshop.

The net 16 acquired stores from The Money Shop (two acquired stores have merged with Ramsdens stores) are a mixture of secondary and prime town centre locations. Where appropriate, these stores will be refurbished to offer jewellery retail and be more reflective of a Ramsdens store offering. Whilst the refurbishment of these stores will take a near-term priority over opening new stores, the Group's medium-term objective remains to open 12 stores each year.

E-COMMERCE

The Group has two main customer websites, both of which are user friendly and operate on mobile and tablet devices.

www.ramsdensforcash.co.uk focuses on foreign currency exchange services and allows customers to buy, on a click and collect basis, pre-paid travel cards or travel money. In addition, the website acts as a portal to the international money transfer service where payments can be made online.

www.ramsdensjewellery.co.uk, is focused on selling new and second-hand jewellery. As well as a profit centre in its own right, the website acts as a catalogue for stores to generate in store retail sales.

OUR DIVERSIFIED BUSINESS MODEL: PRODUCT OFFERING

Ramsdens operates in the four core business segments of: foreign currency exchange; pawnbroking loans; jewellery retail; and precious metals buying.

FOREIGN CURRENCY EXCHANGE

The foreign currency exchange (FX) segment primarily comprises of the sale and purchase of foreign currency notes to holiday makers. Ramsdens also offers prepaid travel cards and international bank-to-bank payments.

The Group's FX business delivered a resilient result in challenging market conditions over the summer as the exceptionally hot UK weather reduced overseas holiday volumes and consequently the demand for travel money. Despite these conditions, and the absence of an Easter trading period in the year over the prior year, customer numbers exchanging currency increased by 4% to 705,000 during the year (680,000 in FY18). This outcome is testament to the strong and growing reputation the Group has for great exchange rates and service levels.

£496m of currency was exchanged with the Group in the year, 2% increase year on year (FY18: £485m). The sales margin continues to be closely managed and as a result FX income was up 2% to £11.6m (FY18: £11.3m). This represents 38% of total Group gross profit.

We continue to drive growth in our online click and collect service which now accounts for 6% of the total currency exchanged or £29.5m (FY18: £20.5m).

The commission from international bank payments has a low base but remains an opportunity for growth. The Group intends refreshing its travel card proposition in FY20.

FX GROSS PROFIT

£11.6m
increased by 2%

CURRENCY EXCHANGED

£496m
increased by 2%

PAWNBROKING

Pawnbroking is a small subset of the consumer credit market in the UK and a simple form of asset backed lending dating back to the foundations of banking. In a pawnbroking transaction an item of value, known as a pledge, (in Ramsdens' case, jewellery and watches), is held by the pawnbroker as security against a six-month loan. Customers who repay the capital sum borrowed plus interest receive their pledged item back. If a customer fails to repay the loan, the pawnbroker sells the pledged item to repay the amount owed and returns any surplus funds to the customer. Pawnbroking is regulated by the FCA in the UK and Ramsdens is fully FCA authorised.

Pawnbroking income provides recurring and stable revenues for the Group and represents 25% of total Group gross profit (FY18: 25%).

The loan book growth reflects a combination of more customers (FY19 36,000 vs FY18 34,000) and the ability to offer higher loan amounts on items that can be retailed through the store network. The level of repayment is consistent with prior years.

The year end position shows a slightly higher than anticipated expired position following the acquisition of the pawnbroking loan books from The Money Shop. The loans were held over for longer than normal after expiry to give the new-to-Ramsdens customers a longer period to redeem their goods.

The capital value of the pawnbroking loan book increased from £6.4m to £7.6m or 19%. This includes £0.6m from the acquisition of The Money Shop stores.

Gross profit from pawnbroking was 8% higher at £7.5m (FY18: £7.0m), and represented a 107% yield on the average loan book during the year. The yield has fallen slightly following the change to six-month loan pledge terms from October 2017.

PAWNBROKING GROSS PROFIT

£7.5m
increased by 8%

LOAN BOOK

£7.6m
increased by 19%

JEWELLERY RETAIL

The Group offers new and second-hand jewellery for sale and the Board believes there is significant growth potential in this segment by leveraging the retail store estate and ecommerce operations from both cross selling its other services to existing customers and attracting new customers.

Jewellery Retail revenue grew by 23% to £9.8m (FY18: £8.0m). This growth was achieved despite the much-publicised difficulties for UK high street retailers and reflects the increasing recognition of the value and quality of the retail proposition.

The Group enjoyed positive contributions from the new stores and improved performance from core stores driven by the increased investment in jewellery stock levels and enhanced window displays. Ecommerce jewellery sales increased by 77% and now represent 5% of the total jewellery sold. 51% of e-commerce customers originated from outside our stores' customer catchment area.

The jewellery gross profit margin remained flat at 52% (FY18: 52%). Whilst we are selling more premium watches and new gold jewellery, both at a lower margin, we have managed to maintain overall margin by increasing sales of our new recycled diamond product range and by managing discount levels on our second-hand products.

Gross profit from jewellery retail increased by 22% to £5.0m (FY18: £4.1m). Jewellery retail now represents 16% of the Group's total gross profit (FY18: 15%).

RETAIL REVENUE

£9.8m
increased by 23%

GROSS PROFIT

£5.0m
increased by 22%

PURCHASES OF PRECIOUS METALS

Through its precious metals buying and selling service, Ramsdens buys unwanted jewellery, gold and other precious metals from customers. Typically, a customer brings unwanted jewellery into a Ramsdens store and a price is agreed with the customer depending upon the retail potential, weight or carat of the jewellery. Ramsdens has various second-hand dealer licences and other permissions and adheres to the Police approved "gold standard" for buying precious metals.

Once jewellery has been bought from the customer, the Group's dedicated jewellery department decides whether or not to retail the item through the store network or online. Income derived from jewellery which is purchased and then retailed is reflected in jewellery retail income and profits. The residual items are smelted and sold to a bullion dealer for their intrinsic value and the proceeds are reflected in the accounts as precious metals buying income. The Group has continued its strategy to increase jewellery stock levels to assist jewellery retail sales.

The average sterling gold price fell by 1% during the year. The weight of gold purchased on a like for like basis was broadly flat and the increased profit was generated by new stores.

Gross profit was up 10% to £4.8m (FY18: £4.4m) and represents 16% of total Group gross profit (FY18: 15%).

GROSS PROFIT

£4.8m
increased by10%

OTHER SERVICES

In addition to the four core business segments, the Group also provides additional services in Cheque Cashing, Western Union money transfer, Sale and buy back of Electronics, Credit Broking and receives Franchise Fees.

Revenue from these services in FY19 was £2.5m (FY18: £2.8m) resulting in £1.6m of gross profit (FY18: £1.6m). This represented 5% of the Group's total gross profit (FY18: 5%).

GROSS PROFIT

£1.6m

DELIVERING OUR CLEAR GROWTH STRATEGY

During the financial year, we have continued to make good progress against our strategic objectives and our growth strategy remains unchanged. We continue to concentrate on:

01 Continuing to improve the performance of our core estate

02 Expanding the Ramsdens branch footprint in the UK

03 Developing our online proposition

04 Continuing to appraise market opportunities presented by operating in a challenging market

CONTINUING TO IMPROVE THE PERFORMANCE OF OUR CORE STORE ESTATE

We remain focused on delivering our core mission which has three component parts:

To have a great customer offering...

- We have very competitive exchange rates for currency
- We offer a simple and trusted pawnbroking service
- We have invested in the quantity and quality of our jewellery stock and how it is presented to the customer
- We keep the store estate modern and bright and where appropriate continue to relocate stores to higher footfall locations

...and give such fantastic customer service...

- We have a team of fully trained and motivated staff who are passionate about the business and their customers, including cross-selling to meet customer needs
- We have a first-class, customer-centric IT system that allows staff to have a full appreciation of a customer's history with Ramsdens, thereby facilitating efficient processing times

...that our customers become our ambassadors.

Recommendations from family and friends remains our biggest source of new customers.

Fantastic customer service in helping me find the perfect items I was looking for. Will certainly use again.

JAY

Trustpilot

The service was excellent and the watch just as described. I am very pleased with the purchase and I would certainly use Ramsdens in the future.

STEVE C

Trustpilot

EXPANDING THE RAMSDENS BRANCH FOOTPRINT IN THE UK

The Ramsdens store estate has grown from 131 stores to 156 stores during the financial year. This includes four franchised stores in both periods. We remain confident that the future financial performance of the new stores will leverage off the Head Office costs which have been geared up to support our continued growth.

WEST SCOTLAND

Argyle St
Ayr
Braehead
Clydebank
Dumbarton
Greenock
Greenock 2
Irvine
Kilmarnock
Paisley
Paisley 2
Partick
Queens Park
Rutherglen
Saltcoats
The Forge

NORTH & EDINBURGH

Ashington
Benwell
Berwick
Blyth
Byker
Cramlington
Dalkeith
Dalry Rd
Duke St
Killingworth
Musslebugh
Newcastle
North Shields
Wallsend
Whitley Bay

NORTH YORKSHIRE

Bridlington
Castleford
Hessle Road
Holderness Road
Kirkgate
Morley
Otley
Ripon
Scarborough
York

HIGHLANDS

Aberdeen
Aberdeen 2
Elgin
Fraserburgh
Inverness
Inverness 2
Peterhead

TEESSIDE

Billingham
Coulby Newham
Darlington
Eston
Gilkes St
Guisborough
Hartlepool
Hill Street
Linthorpe
Northallerton
Peterlee
Redcar
Stockton
Thornaby

CUMBRIA

Barrow
Bradford
Bradford 2
Carlisle
Halifax
Huddersfield
Keighley
Kendal
Lancaster
Oldham
Whitehaven
Workington

LANCASHIRE

Altringham
Blackburn
Chorley
L'pool Norris Grn
L'pool Old Swan
Preston
Sale
Skelmersdale

CENTRAL SCOTLAND

Airdrie
Bathgate
Bellshill
Coatbridge
Cumbernauld
Dumfries
East Kilbride
Hamilton
Kirkintilloch
Livingston
Motherwell
Newton Mearns
Springburn
Wishaw

SOUTH YORKSHIRE

Barnsley
Beeston
Chesterfield
Derby
Doncaster
Doncaster Fgate
Hillsborough
Lincoln
Rotherham
Rotherham 2
Sheffield Moor
Worksop
Goole
Grimsby
Scunthorpe

EAST WALES & SOUTH WEST

Albany Rd
Barry
Bristol
Bristol Fishponds
Cowbridge Rd
Cwmbran
Llanrumney
Newport

EAST SCOTLAND

Alloa
Arbroath
Dundee
Dunfermline
Falkirk
Glenrothes
Grangemouth
Kirkcaldy
Perth
Stirling

TYNE & WEAR

Bishop Auckland
Bridges C Bridges
Chester Le Street
Chester Road
Consett
Durham
Gateshead
Jarrow
King Street
Newton Aycliffe
South Shields PER
Southwick
Washington

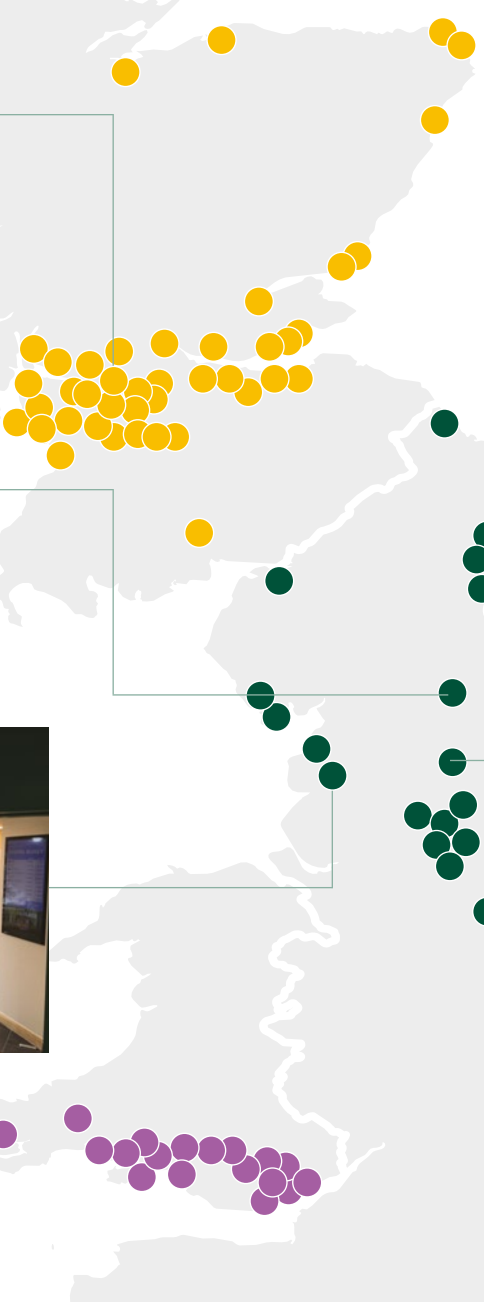
WEST WALES

Aberdare
Blackwood
Bridgend
Caerphilly
Carmarthen
Ebbw Vale
Haverfordwest
Llanelli
Merthyr
Morriston
Neath
Pontypridd
Port Talbot
Swansea

THE INCREASE IN 25 STORES REFLECTED:

- Opening six greenfield sites,
- Acquiring two independent jewellery stores,
- Acquiring one small pawnbroking store,
- Acquiring 16 net new stores from Instant Cash Loans trading as The Money Shop (acquired 18 stores but two stores merged into the existing store network).

Whilst the Group's medium-term strategy remains to open 12 stores per annum, in the short term we will focus on developing the portfolio of acquired Money Shop stores.



GLASGOW

PETERLEE

RIPON

PRESTON

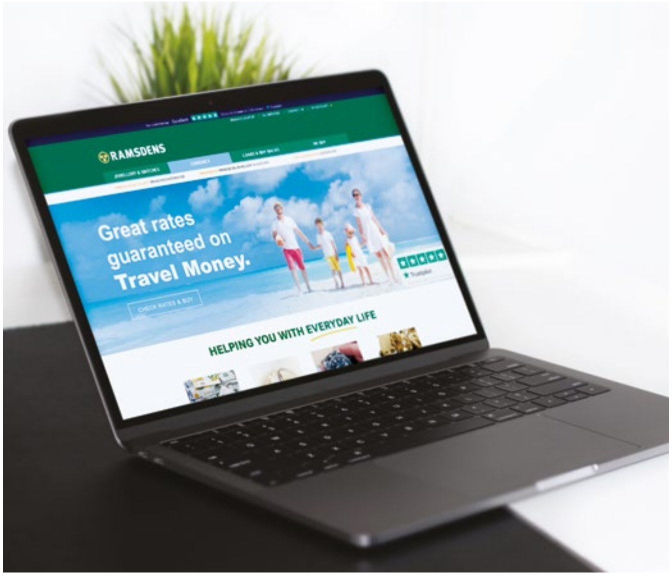
CASTLEFORD

DEVELOPING OUR ONLINE PROPOSITION

We are continuing our journey to be truly multi-channel and continue to see online growth as additive to store sales.

During the year, we have continued to invest in our transactional website focused on jewellery retail www.ramsdensjewellery.co.uk. We have invested in improved software and hardware to enable more second hand jewellery pieces to be added to the website, improved the imagery, improved the search engine optimization ("SEO") performance, and undertaken various advertising and marketing initiatives. The additional benefit of this investment is that the range of stock online can be shown to customers in store to assist with store sales. This investment will continue as we move forward. As a stand-alone channel, ecommerce retail sales grew by 77% and now account for c.5% of all jewellery sold. 51% of the customers purchasing online live outside the Ramsdens store network's catchment area and we remain confident that this is a great opportunity for growth.

The www.ramsdensforcash.co.uk website has been remodeled to have greater focus on foreign currency exchange with an emphasis placed on improving the customer journey. Click and Collect foreign currency exchanged grew by 44% in the last year.



CONTINUING TO APPRAISE MARKET OPPORTUNITIES PRESENTED BY OPERATING IN A CHALLENGING MARKET

We have completed the acquisition of 18 stores from Instant Cash Loans trading as The Money Shop, together with 5 small loans books from stores that they chose to close. We have merged two of the 18 stores into our estate and, at the year end, this acquisition contributed a net new 16 stores.

During the year we completed the purchase of one store from Jolly's pawnbrokers and two independent jewellery stores.

We believe that the challenges faced by the UK high street will present further opportunities to acquire small jewellers, pawnbroking stores and to gain foreign exchange market share as banks and travel agents close branches.

LOOKING AHEAD

The Board remains confident that Ramsdens is well positioned to continue to progress and deliver its growth strategy, thereby delivering strong and ongoing capital and income returns for investors.

This confidence is derived from the investments we have made in our brand, IT systems, customer offering and staff development. Our people are customer focused and we feel we have an opportunity to further improve what we currently do. This, in combination with our strong financial footing and growing diversified income streams, gives us confidence that we will make further progress and take advantage of good growth opportunities.

We believe that the challenges faced by the UK high street will present further opportunities to acquire small jewellers, pawnbroking stores and to gain foreign exchange market share as banks and travel agents close branches.

PETER KENYON
Chief Executive Officer

FINANCIAL DIRECTOR’S REVIEW

"Finance costs remain low reflecting the efficient seasonal use of the Group’s revolving cash facility during peak holiday periods."

FINANCIAL RESULTS

For the year ended 31 March 2019, Group reported Revenue increased by 17% to £46.8m (FY18: £39.9m) with growth across the four key income streams. Gross profit increased by £2.2m (8%) to £30.5m (FY18: £28.3m).

The Group’s administrative expenses increased by £2m (9%) to £23.9m (FY18: £21.9m). This reflects an increase in staff costs to support the growth of the business and the costs associated with new stores. Finance costs remain low reflecting the efficient seasonal use of the Group’s revolving cash facility during peak holiday periods.

PROFIT BEFORE TAX INCREASED 3% TO £6.5M (FY17: £6.3M).

To provide a comparison to the prior financial period and for future reporting periods, share based payments have been removed to give the following underlying results. The underlying profit before tax was £6.7m an increase of 4% on the prior year of £6.5m. The underlying EBITDA increased by 5% to £8.3m from £7.9m in the prior year.

MARTIN CLYBURN
Chief Financial Officer

M.A. Clyburn

A reconciliation between the Underlying and Statutory results is provided below.

£000'S	FY19	FY18
Statutory profit before tax	£6,492	£6,312
Share based payments	£221	£161
Underlying profit before tax	£6,713	£6,473
Finance costs	£131	£177
Gain on fair value of derivative liability	(£40)	(£79)
Depreciation, amortisation and loss on disposal	£1,446	£1,319
Underlying EBITDA	£8,250	£7,890

EARNINGS PER SHARE AND DIVIDEND

The statutory basic and diluted earnings per share for the year is 16.7p and 16.3p respectively up from 16.3p and 15.9p in the previous year.

The Board is recommending a final dividend of 4.8 pence per share in respect of FY19 (FY18: 4.4 pence per share). Subject to shareholder approval at the AGM this will be payable on 20 September 2019 for those on the shareholders register as at 23 August 2019. This brings the total dividend for FY19 to 7.2 pence per share (FY18: 6.6 pence per share). This dividend is in line with the Board's progressive dividend policy reflecting the cash flow generation and earnings potential of the Group. The Board intends to continue to pay an interim dividend in February and a final dividend in September in the approximate proportion of one third and two thirds respectively subject to the financial performance of the Group.

CAPITAL EXPENDITURE & ACQUISITIONS

During the financial year, the Group invested to increase the store estate by acquisition, opening new stores and relocating existing stores. This included an acquisition for £1.5m from Instant Cash Loans Limited trading as The Money Shop which contributed net 16 further stores. Capital expenditure for tangible and intangible assets in addition to the acquisition was £2.4m which mainly reflected the opening of a further 9 new stores and relocation of 5 stores during the year.

CASH FLOW

The net cash flow from operating activities was £1.5m. This is after growing trade and other receivables by £1.6m (principally the Pawnbroking loan book), increasing our inventory levels by £3.0m (jewellery stock to facilitate higher jewellery sales and stock for new branches) and reducing trade and others payables of £0.7m. The Group continued to execute its growth strategy in the year by investing in new stores including the acquisition and capital expenditure detailed above. £5.3m of the £10m revolving credit facility from Yorkshire Bank was drawn (£5.2m net of borrowing costs) as at 31 March 2019 (FY18: £2m drawn, £1.9m net of borrowing costs). The Group renewed its revolving credit facility in March 2019 for a further 3 years to March 2022 and increased the facility limit to £10m (FY18: £7m). The Group is well within its covenant of 1.5x cash cover. The cash position and headroom on the bank facility provide the Group with the funds required to continue to deliver its current stated strategy.

The overall decrease in cash and cash equivalents was £1.2m reducing net cash and cash equivalents to £13.4m (FY18: £14.6m).

These numbers are stated prior to adjusting for the reclassification of £2.1m from receivables to inventory as a result of adopting IFRS 15.

FINANCIAL POSITION

At 31 March 2019, net cash and cash equivalents amounted to £8.2m (FY18: £12.7m) and the Group had net assets of £30.9m (FY18: £27.6m).

IFRS 9

These statements have been prepared under IFRS9 'Financial Instruments' with prior years not restated. The Group has now disclosed pawnbroking revenue gross of impairment with impairment disclosed separately as a cost of sale, totaling £552,000 in the current year. In previous years, pawnbroking revenue was recorded net of impairment. This change has no impact on profit or reserves in the current or prior years.

IFRS 15

As a result of the implementation of IFRS 15 during the year, management has reviewed the accounting treatment of unredeemed pawnbroking loans. These are loan balances where the customer has defaulted on their loan. Management has assessed these transactions against the control criteria in IFRS 15 and has concluded that the substance of the legal arrangement is that control of the pledged item transfers to the Group at the point the customer defaults. This is due to the fact the Group controls the method of disposal and the price, despite legal title of the goods not transferring. Management has recorded revenue of £2,472,000 to reflect the consideration received for the pledged item, with a corresponding adjustment to cost of sales, reflecting the cost to the Group. There is no impact on gross profit or earnings as a result of this adjustment. The pledge balance, representing the cost of acquiring the pledged item, has been reclassified to inventory, and is measured at the lower of cost and net realisable value in accordance with IAS 2. Accordingly, the Statement of Financial Position has been amended to reflect the transfer from receivables to inventory, amounting to £1,965,000 at 1 April 2018. This has no impact on total current assets or the net assets. The Group has adopted IFRS15 using the modified retrospective approach. Therefore, the comparative information was not restated. The impact of the application of IFRS15 to the comparative balances is detailed in note 2 to the financial statements.

TAXATION

The tax charge for the year was £1.3m (FY18: £1.3m) at an effective rate of 20.5% (FY18: 20.2%). The effective rate is higher than the standard UK rate of corporation tax of 19% (FY18: 19%) mainly due to the timing difference between depreciation charges and capital allowances and non-deductible expenses including the amortisation of certain customer lists. A full reconciliation of the tax charge is shown in note 10 of the financial statements.

SHARE BASED PAYMENTS

The share-based payment expense in the period was £221,000 (FY18: £161,000). This charge relates to the Long Term Incentive Plan (LTIP) which is a discretionary share incentive scheme under which the Remuneration Committee can grant options to purchase ordinary shares at a nominal 1p per share cost to Executive Directors and other senior management subject to certain performance and vesting conditions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Corporate Governance Report includes an overview of the Group's approach to risk management and internal control systems and processes.

Set out below are the principal risks and uncertainties that the Directors consider could impact the business model, the strategy, future performance, solvency and/or liquidity of the Group. The Board continually reviews the potential risks facing the Group and the controls in place to mitigate those risks as well as reduce any potential adverse impacts.

The Board recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed. This list is not intended to be exhaustive and excludes potential risks that the Board currently assess as not being material.

ECONOMIC RISK

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
Almost all of the Group's revenue is generated in the UK from UK customers. A deterioration in the UK economy may adversely affect consumer confidence to travel abroad or buy luxury items. The expected exit of the UK from the European Union has been delayed and uncertainty of the outcome and the impact continues. Risks could be wide ranging from a general economic downturn to something more specific e.g. restrictions on travelling to / from the UK or people not holidaying abroad impacting foreign currency revenues. The ultimate outcome of any Brexit trading agreement may mean an increase in the cost of goods imported from Europe or an impact on the ability of EEA nationals to work for the group.	The Group mitigates this risk by having diversified income streams which are counter cyclical and to a degree leave the business recession neutral. Where possible the Group has flexible property lease arrangements being the biggest fixed cost after staff. Jewellery made in Europe can be manufactured in the UK and there are approximately 25 individuals from the EEA who work for the Group, none of whom are in key management roles.	The Board considers that there has been no change in the level of risk.

IT SECURITY

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
A malicious attack may cause a data breach or the IT system to fail and lead to business interruption and reputational damage. The Group has significant reliance on the stability and security of its IT system which manages inventory tracking, recording and processing transactions, summarising results and managing the business. All aspects of the operations of the business, both customer facing as well as internal management, regulation and control are reliant on the IT and software systems of the Group.	The Group's internal IT team assesses daily any vulnerability to potential cyber threats and uses a suite of tools such as anti-virus, air-gapping and email filtering to protect the system's integrity. The Group undertakes annual penetration testing and RedTeaming testing to test the infrastructure and data security. The Group has a comprehensive business continuity plan to minimise the impact to the business should the IT systems fail. This is regularly reviewed and tested. The Group also has cyber insurance cover which the Board believes is appropriate for its risk profile. The IT Director reports to the Executive Compliance & Risk Committee on a monthly basis.	The Board considers that there has been no change in the level of risk.

STAYCATION

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
If the UK holiday maker chooses to remain in the UK or take fewer or shorter holidays, the demand for foreign currency could decline and reduce revenue.	The Group mitigates this risk by having other diversified income streams.	The Board considers that there has been a slight increase in risk following the exceptional weather in the summer of 2018 and Brexit uncertainty, together impacting summer 2019 holiday bookings.

REGULATORY

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
The risks are that the business may lose its regulatory approvals, breach other regulations or there are changes in regulation which impact the Group's ability to trade, increase administration costs or result in financial penalties. The Group must be FCA authorised to offer its pawnbroking and credit broking services and is a registered Money Service Business (MSB) with HMRC for foreign currency exchange and cheque cashing.	The Group has an experienced Board. The Directors receive expert legal and compliance advice from advisers and through various memberships of trade associations the Board are always made aware of regulatory changes. The Group has well developed IT systems, operational controls, comprehensive training and a rigorous compliance monitoring programme in order to maintain adherence to legislation.	The Board considers that there has been no change in the risk.

REPUTATION

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
A risk of adverse publicity, or customer comment through social media could have an adverse material impact on the Group's brand, reputation and customers using the stores and websites. The Group's financial performance is influenced by the image, reputation, perception and recognition of the Ramsdens brand. Many factors such as the image of its stores, its communication activities including marketing, public relation, sponsorship, commercial partnerships and its general corporate and market profile all contribute to maintain the reputation of a trusted brand. The Group is also well aware that customer recommendations are critical to growing the business and that poor service will not enhance that objective.	The Group invests heavily in its staff development. Offering a great customer service is part of the mission statement for the Group and as such, customer service levels are measured through customer surveys, mystery shops using video and internal audits. Complaints are reviewed with a root cause analysis approach so that processes and policies are changed if required. Staff incentive schemes are approved by Head of Compliance and Risk to ensure that all bonuses are aligned with long-term principles and do not promote poor short-term behaviour. The Group retains a financial and consumer PR consultancy to provide ongoing support and media engagement.	The Board considers that there has been no change in the risk.

EXCHANGE RATE RISK

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
Whilst the Group trades almost exclusively in the UK, the foreign exchange cash held in store is exposed to the risks of currency fluctuations. The value exposed is mainly in Euro and US dollars. There is the daily risk of buying today, receiving the currency the next day, and subsequently selling it and being susceptible to movements in the exchange rate. There is a period end risk for the FX stock which remains in the branch tills.	The Group uses a mix of monthly and weekly derivative financial instruments to hedge against adverse exchange rate movements in its two key currencies, Euros and US dollars. The policy has been developed over time in conjunction with our hedging suppliers and reviewed by Manchester Business School.	Sterling has become more volatile as a result of the uncertainty surrounding Brexit and therefore the Board consider the risk is slightly higher than historically experienced.

GOLD PRICE

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
The Group's assets and profit are sensitive to movements in the gold price and the prices of other precious metals. A fall in the price of gold and silver and other precious metals may reduce the value of the Group's assets and adversely affect liquidity. A significant and sustained decline in the price of gold would adversely affect the value of jewellery pledged as collateral by pawnbroking customers and the stock held by the Group. This may also affect volume of jewellery sales and default rates on pawnbroking loans.	The Group closely monitors the gold price. Due to the systems, controls and staff training, the Group has the flexibility to amend its buying parameters at short notice to maintain margins in the purchase of its precious metals. With respect to pawnbroking the same systems, controls and staff training allows the lending values to be amended to reflect changes in the gold price but the best disposal route for unredeemed pledges remains retailing through the Group's stores or online rather than the intrinsic value of the precious metal held as security. The Board sensitises the gold price in its budget assumptions and keeps the possibility of hedging the gold price under review.	The volatility of Sterling is affecting the Sterling value of the gold price and therefore the Board consider the risk to be slightly higher than historically experienced.

LIQUIDITY AND FORECASTING RISK

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
The result of a risk to liquidity would be that the Group runs out of cash and would be unable to pay its creditors as they become due. This could be as a result of non performance reducing profitability and cash generation, expanding too quickly, or poor budgetary planning. There is the risk that the bank or merchant card supplier becomes insolvent and we would no longer have access to the credit funds or our card takings. A reduction in cash for investment will have a significant impact on the Group's ability to deliver its strategy of opening new stores and expanding.	The Group has a strong balance sheet with a healthy cash position. The Group has entered into a £10m, 3 year revolving credit finance facility, from March 2019, provided by Clydesdale Bank trading as Yorkshire Bank. The Group currently has credit bank balances held with Barclays Bank and Clydesdale Bank trading as Yorkshire Bank. The Group currently uses Barclaycard to process its merchant transactions. The Group uses a bespoke financial modelling tool to help predict future cash flows to ensure it has sufficient cash resources at all times.	The Board considers that there has been no change in the risk.

CREDIT RISK ASSESSMENT

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
There is a risk that the pawned articles are overvalued increasing credit risk. The Group is wholly reliant on the article pledged should a customer default. A fall in the gold price also impacts the value of the intrinsic value of the security held.	The Group has invested in training programs and IT systems to help the customer facing store staff to accurately value customer assets. The store staff are supported by experienced and skilled Area Managers and product experts. Should loans not be repaid the Group can rely on the intrinsic value of the stones and metal pledged but can maximise returns by focusing on, and improving, its jewellery retail operations. It should be noted the risk is spread over approximately 36,000 customers and the average pawnbroking loan is £225.	The Board considers that there has been no change in the risk.

FINANCIAL CRIME

RISK AND IMPACT	MITIGATING FACTORS	IMPACT AND CHANGE IN RISK
The Group is at risk of staff acting independently or in collusion to defraud the Group. This could be the theft of cash, jewellery or other assets or data. The Group is at risk from various forms of criminal activity including theft, money laundering, cyber crime or fraud. This could expose the Group to financial losses as a result of the loss of assets, reimbursement to customers or other business partners, or to fines or other regulatory sanctions, which could also significantly damage the Group's reputation.	The Group mitigates risk by having policies and processes to identify and stop attempts to involve the business with financial crime activity. The Group has a robust compliance monitoring programme which involves every branch being randomly audited at least twice per annum and a centralised team reviewing and investigating any abnormal patterns with transactions. Processes, systems and controls are continually evolving and being developed within the Group's bespoke IT system. The Group has high levels of physical security and sophisticated alarm systems for its stores and head office. The Group encrypts all customer data and retains it behind two firewalls. The Group maintains business insurance including cyber insurance cover for material losses.	The Board considers that there has been no change in the risk.

The strategic report, as set out on pages 2 to 23, has been approved by the board
By order of the Board

PETER KENYON
Chief Executive Officer
11 June 2019

Treat yourself or a loved one to new or pre-owned jewellery

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

PETER EDWARD KENYON (54), *Chief Executive Officer*

Peter joined Ramsdens in November 2001 as Operations Director and was appointed Chief Executive Officer in January 2008. Peter led the MBO in 2014 and has been responsible for over 30 acquisitions for the Group. He is responsible for overseeing all operations of the business and for deciding the Group's strategy. Prior to joining Ramsdens, Peter's early career was with Yorkshire Bank for 17 years. He is a Council Member the National Pawnbrokers Association and became a director of the Company at the time of the MBO in September 2014.

External appointments – Peter is a director of The National Pawnbrokers Association.

MARTIN ANTHONY CLYBURN (36), *Chief Finance Officer*

Martin joined Ramsdens in 2009 and is a Chartered Accountant having previously qualified with respected North East firm, Keith Robinson & Co. Martin joined the board of the Company as Chief Financial Officer in August 2016. Martin is responsible for the Finance, IT and Compliance & Risk functions within the Group. Martin lectured part time at the University of Teesside from 2006 – 2012. Martin holds a degree in MORSE from Warwick University.

External appointments – None

NON-EXECUTIVE DIRECTORS

ANDREW DAVID MEEHAN (64), *Non-Executive Chairman*

Andy is a highly experienced retail executive with over 30 years' experience including CEO and CFO roles at the Co-Operative Retail Services, Storehouse plc and Sears plc. Since 2006 he has held a number of chairmanships and Non-Executive positions in several retail and consumer product businesses including Fortnum and Mason, GHD Group and American Golf. Andy is a Chartered Accountant and holds a degree in Politics and Economics from Oxford University and has been Chairman of the Company since September 2014.

External appointments – Andy is Chairman of University Hospitals Coventry and Warwickshire NHS Trust and the hospitals' charity and NEF Holdings Limited. He is also Pro-chancellor and Deputy Chair of Governors at Coventry University, Chairman of Mayday Trust, Chair of the Council at Coventry Cathedral, a director of Lanthorne Limited and Cheviot Court (Luxborough Street) Limited.

SIMON EDWARD HERRICK (55), *Non-Executive Director*

Simon joined the board of the Company on 1 January 2017. Simon has significant experience in senior finance roles including positions as CFO of Debenhams plc, Northern Foods PLC, Kesa Electricals plc and PA Consulting Limited. Since leaving Debenhams, Simon has undertaken consultancy work in a number of sectors, most recently as Interim CEO of Blancco Technology Group PLC. Simon is a Chartered Accountant and holds an MBA from Durham University

External appointments – Simon is a director of 53Herrick Limited, Herrick Inc Limited, Sports Punk Limited

STEPHEN JOHN SMITH (61), *Non-Executive Director*

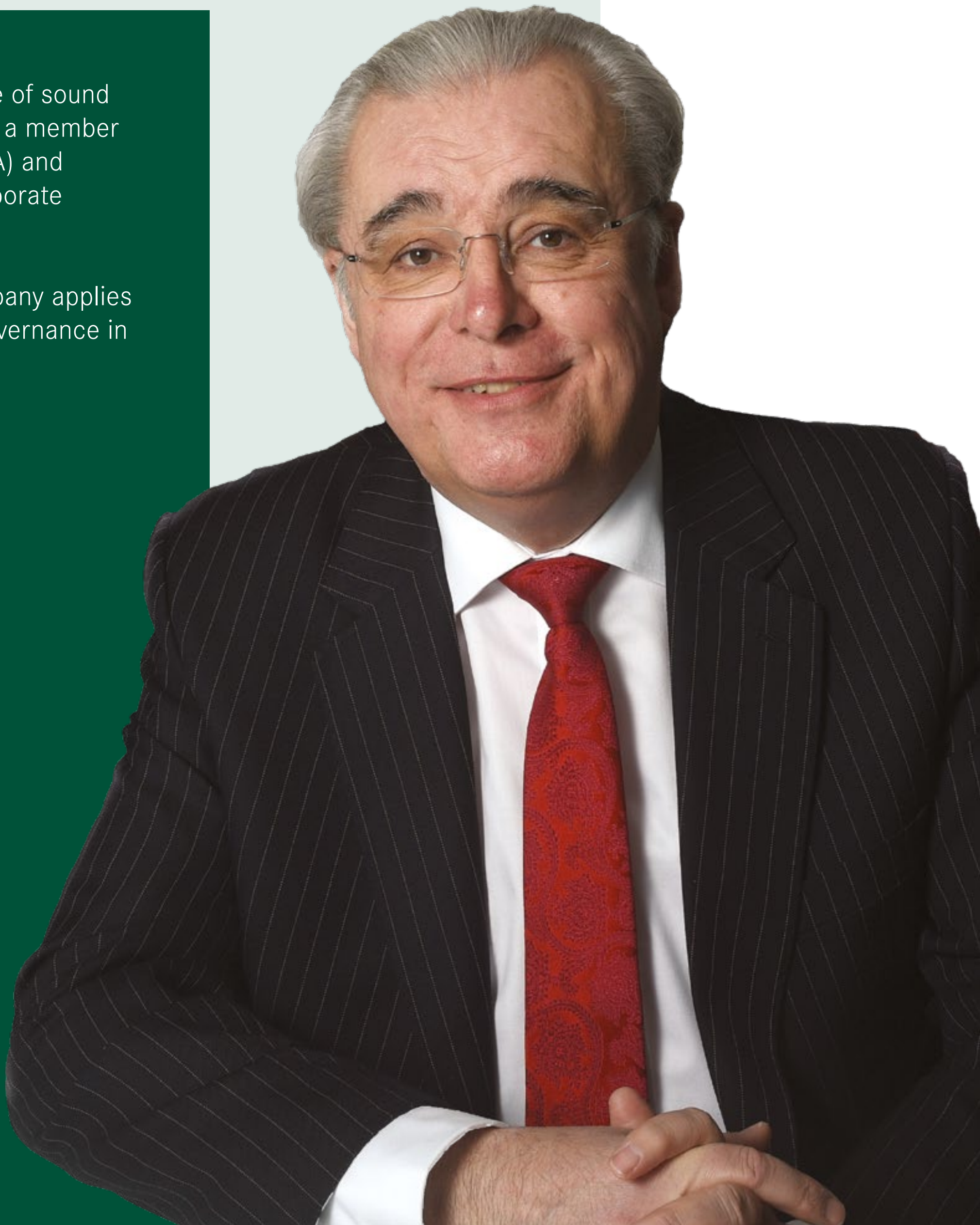
Steve joined the board of the Company on 1 January 2017. Stephen retired as CEO of Northgate plc in 2010 after a career with Northgate spanning over 20 years. Since leaving Northgate, Steve has served as a Non-Executive Director on the boards of various family and private equity backed businesses, including four positions as Chairman. Steve is a Chartered Accountant and holds a degree in Economics from the London School of Economics.

External appointments – Steve is a director and Chairman of Procomm Site Services Ltd and Nixon Hire Ltd

CHAIRMAN'S INTRODUCTION

The Directors recognise the importance of sound corporate governance. The Company is a member of the Quoted Companies Alliance (QCA) and has adopted and complied with its Corporate Governance Code.

This statement describes how the company applies the ten principles of good corporate governance in the best interests of all stakeholders in the business.



ANDREW MEEHAN
Non-Executive Chairman

PRINCIPLE 1 – ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG TERM VALUE FOR SHAREHOLDERS

Please see the Strategic Report from pages 2 to 23.
The Board is responsible for the strategic direction of the Group and the implementation of that strategy rests with the Chief Executive officer and his senior management team.

The strategy of the Business has not changed since it listed on AIM. The Group will continue to;

- improve the performance of our core estate stores,
- expand the branch footprint in the UK,
- develop our online proposition,
- appraise market opportunities presented by operating in a challenging market, and
- develop our people.

PRINCIPLE 2 – SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Executive Directors are keen to engage with shareholders and they intend to maintain communication with institutional shareholders through individual meetings, particularly following publication of the Group's interim and full year results.

Private shareholders are encouraged to attend the AGM at which the Group's activities are considered and questions answered or alternatively an investor can email IR@ramsdensplc.com directly. Videos have been produced to explain the interim and yearend results as well as to give a background and insight into the Group. These are available to watch on the Company's website www.ramsdensplc.com.

The Non-Executive Directors are available to discuss any matters shareholders might wish to raise, and the Chairman and Non-Executive Directors will, and have, attended meetings with institutional investors during the year.

PRINCIPLE 3 – TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG TERM SUCCESS

The Group has always prided itself on acting responsibly in every aspect of the business. We operate with three core values, of being trusted, open and passionate about our business. We believe that engaging with our stakeholders, be they, employees, customers, shareholders, regulators, suppliers or the wider local communities we operate in, and living our values, are the best ways to develop long term relationships for mutual benefit.

EMPLOYEES

At Ramsdens we believe that being a diverse organisation allows us to grow and become the business we aspire to be. Our aim is to ensure that all employees at Ramsdens are treated equally and are able to grow and develop their careers with the business while ensuring equality is maintained and demonstrated throughout all aspects of their career journey with us.

The success the Group has had to date, is down to its people. Implementing a continuous improvement ethos can only be achieved through the hard work, dedication and enthusiasm of the people within the business. In return we are committed to create a working environment in which the employee can grow and develop, be well rewarded and well respected for what they contribute.

The Group is an equal opportunities employer and we believe in appointing the best person based purely on merit to any role within the business. The Group is committed to ensure that people undertaking the same or similar work are paid equally and have an equal opportunity to progress. The Business encourages flexible working arrangements for people to continue to develop their careers whilst choosing how to maintain their balance between work and home life.

The Group has comprehensive training programmes. These start with a week long, classroom-based induction into the business, and supplemented by instore mentoring, e-learning courses and area face to face training sessions. Every staff member has one to one development discussions with their Line Manager and training courses are provided as required. Certain training courses are mandatory and must be completed on an annual basis e.g. health and safety, data protection, cyber risks and anti-money laundering, whilst other courses focus on the development of an individual's skills. During the last year there has been a major investment in a new retail jewellery course, which continues to be rolled out. The top 30 people influencers in the business are continuing with their Senior Management Leadership programme.

Where possible the Group wishes to promote from within. The three Regional Managers, five of the eleven Area Managers, five of the seven Internal Auditors and over 50% of the Branch Managers were promoted from within the business.

Staff engagement is important to the Board. The Group operates a staff suggestion scheme and a department feedback scheme. Both are well supported as our people contribute to how we can continue to evolve and improve our products or processes. A centrally issued weekly newsletter keeps all staff informed on Group matters.

The Group has a philosophy of wanting to share the financial success of the business with staff. In addition to basic remuneration of pay and pension, each member of staff in head office or branch has the ability to earn a performance related bonus. The Group has introduced health insurance for its senior management team and all staff benefited from their birthday being an additional day's holiday in our last financial year and will do so again in the current financial year.

As part of the Board's desire to reward key senior employees over the long term, the Group long term incentive plans was extended to include 16 participants in 2018.

REGULATORS

The Group engages proactively with, and believes it has, open and good relationships with its Regulators.

ENVIRONMENT & SUPPLY CHAIN

We also understand that, as a company, we can help make a difference to the environment. The Group continues to invest in various recycling and energy savings initiatives such as LED lighting and with its foreign currency exchange service, providing customers their currency in a clear plastic bag which is the exact size to meet the airline requirements for carrying liquids on board in hand luggage.

The Group is constantly striving to reduce its carbon footprint through means of recycling as much as we can and using materials from sustainable sources where possible.

The Group has a limited number of key trade suppliers. Strong relationships have been built up over many years where the supplier and Ramsdens work together to improve the trade for both parties. Ramsdens reports on its supplier payment practices and believes in paying all suppliers as and when payments are due. The Group has sought assurance from its suppliers that they have no modern slavery practices within its supply chains. The Group's statement on its compliance with the Modern Slavery Act is available on its Website, www.ramsdensplc.com.

COMMUNITY & CUSTOMERS

The Group prides itself on its high repeat customer rates and the low number of complaints it receives and is committed to offering the highest standards of customer service. We appreciate at times things go wrong and the Ramsdens philosophy is to use a root cause analysis approach to put things right as quickly as possible and learn from any mistakes.

The Group recognises that customers' circumstances change and is aware of the needs of vulnerable customers. It has policies and procedures to help customers, including proactive forbearance programmes, and recognise signs of vulnerability including any customers who may be suffering from modern slavery.

The Group is committed to engaging with its local communities and has assisted in a variety of fundraising initiatives raising money for both national and local charities. This was primarily done through donations of jewellery for raffle prizes or auction lots, and a matched funding scheme for staff taking part in local charitable events.

Some of the charities supported include Great North Air Ambulance, Teenage Cancer Charity, Children in Need, St Luke's Hospice, MIND, PGA Benevolent Fund, Breast Cancer Support, Teesside Hospice, Butterwick Hospice, Middlesbrough and Teesside Philanthropic Society and Sheffield Teaching Hospitals Foundation. Community projects include Castleton Village Hall, Yarm Community Project and Romanby School Fundraising.

One of the fundraising initiatives involved four members of the head office team participating in the CEO Sleepout in Stockton. The team joined business leaders, business owners, CEOs and other senior executives who gave up home comforts and a warm bed for one night and slept outdoors, raising money and awareness to fight homelessness and poverty in the Teesside region.

This financial year the company has raised or helped charities raise over £7,000.

PRINCIPLE 4 – EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS THROUGHOUT THE ORGANISATION

The Board recognises that effective risk management is essential and continually invests in its Compliance and Risk department and activities. The Audit & Risk Committee has detailed terms of reference which are available on the Company's website, www.ramsdensplc.com.

The risk assessments together with the systems and controls are well established within the Business but are continually monitored as being fit for purpose as new threats emerge or as new opportunities are explored.

There is an Operational Compliance and Risk Committee, chaired by the Head of Compliance and Risk, which meets at least monthly and reports to the Audit & Risk Committee on a 6 monthly basis. The chair of the Audit and Risk Committee and Head of Compliance and Risk have open dialogue when ever they feel it is necessary outside of the two formal reports.

The Head of Compliance and Risk implements a comprehensive compliance monitoring programme to evidence the business has the required systems and control to manage risk. He is assisted by a centralised team of three Compliance and Risk officers and a team of seven field internal auditors. All branches are audited at least twice per annum and head office departments at least annually. The audit and compliance monitoring programmes are reviewed and developed on an ongoing basis and include asset checks and adherence to policy and procedures.

PRINCIPLE 5 – MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The Board comprises five directors; three Non-Executive Directors, who are all considered independent and two Executive Directors. The Board has a mix of skills, experience and backgrounds.

Each Director individually reviews the effectiveness of the Board as a whole and the contribution made by each Director. This is then reviewed by the Nominations Committee who meet at least annually.

PRINCIPLE 6 – ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The Directors of the Group and their biographies are set out on page 26.

The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and scrutinise performance.

Each of the Non Executive Directors has spent time in stores and head office speaking with employees for an informal view of the business from the ground up.

The two Executive Directors both work full time and are participating in the Senior Leadership Development Programme facilitated by external consultants. They receive support from a dedicated management team and professional advisers. The Directors receive specialist advice from regulatory advisers and lawyers. During the last year this advice has included anti money laundering, FCA regulations, GDPR, and Cyber Security. This has been achieved by attendance on courses or through retained advisory relationships.

The CEO and Company Secretary are satisfied that the Non-Executive Directors have devoted sufficient time to the role as required to make a good contribution to the Group.

The Company Secretary ensures that all directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's advisers where appropriate. Executive Directors are subject to the Groups performance review process through which their performance against objectives is reviewed and their personal and professional development needs considered.

There are no plans to change the Board composition at this time and the Board believes that it has the appropriate experience, skills and capability for a FCA regulated business of its size.

PRINCIPLE 7 – EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Board is responsible for reviewing, formulating and approving the Group's strategy, budgets and corporate actions and overseeing the Group's progress towards its goals. This is formally documented in a schedule of matters reserved for board approval and include;

- Strategy and business plans, including annual budget, new stores and acquisitions
- Structure and capital including dividends
- Financial reporting and controls
- Internal controls on risk management and policies
- Significant contracts and expenditure
- Communication with shareholders
- Remuneration and employment benefits
- Changes to the board composition

Each member of the Board undertakes annually a structured questionnaire style review of the effectiveness of the Board, as a collective and the contribution by each Director. The Chairman then leads specific discussion on the effectiveness of the Board, each member's contribution and how the Board can develop its effectiveness. No major changes to the function and focus of the Board arose from this year's evaluation, however, the findings will be used as the basis of future discussions by the Board, and the Nomination Committee, when considering short and long term succession planning. The Chairman will continue to meet regularly with the Non-Executive Directors without the Executive Directors being present.

There are no plans to change the Board composition at this time and the Board believes that it has the appropriate governance framework and internal controls for a FCA regulated business of its size.

PRINCIPLE 8 – PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Group's future success over the long term is dependent upon it living up to its high ethical values and demonstrating exemplary behaviours.

The Board and the senior management team work to ensure that the mission statement, in which the customer is at the heart of everything the Group tries to do, is delivered. This work includes consistent communications of what is expected, delivered through a weekly newsletter and face to face by Regional Managers, Area Managers, Internal Auditors and Department Heads.

All of the Directors have visited stores to gain direct feedback.

Video mystery shopping results, complaint and compliment statistics are used to monitor customer service levels.

All feedback received from staff and customers is used to test the policies and procedures to ensure they remain fit for purpose and that the business continues to evolve.

We appreciate at times things go wrong and the Ramsdens philosophy is to use a root cause analysis approach to put things right as quickly as possible and learn from any mistakes.

PRINCIPLE 9 – MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION – MAKING BY THE BOARD

The Board, comprising two Executive Directors and three Non-Executive Directors, has met eleven times in the year, above its stated minimum of 10 meetings.

The following table shows directors' attendance at scheduled board and committee meetings during the year.

	BOARD	AUDIT	REMUNERATION	NOMINATION
Andy Meehan	11/11	4/4	2/2	1/1
Simon Herrick	11/11	4/4	2/2	1/1
Steve Smith	11/11	4/4	2/2	1/1
Peter Kenyon	11/11	-	-	-
Martin Clyburn	11/11	-	-	-

The Chairman, aided by the Company Secretary, is responsible for ensuring the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers, which are circulated to the Directors prior to the meetings.

The board papers have the following standing items; the matters discussed include;

- Update on all governance, legal, health & safety and risk matters
- Financial performance review including cash flow management
- Operating performance against KPIs,
- Progress on all strategic aims of the business including new stores and acquisitions
- Proposals on any areas of major expenditure

The Board receives reports from the Executive Directors to enable it to be informed of and supervise the matters within its remit. At varying Board meetings, Department Heads are invited to present on key areas of the Group's operations. The Board considers at least annually the Group's strategic plan. Several senior managers from the wider executive management team present and participate in the discussion.

The Company Secretary also ensures that any feedback or suggestions for improvement on Board papers is fed back to management. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

In addition to the board meetings there is regular communication between the Executive and Non-Executive Directors including where appropriate updates on matters requiring attention prior to the next board meeting.

The Board has delegated specific responsibilities to the Audit and Risk, Remuneration and Nomination Committees. Each Committee has terms of reference setting out its duties, authority and reporting responsibilities. The terms of reference of each Committee are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. The terms of reference are available on the Company's website, www.ramsdensplc.com. Each committee comprises the Non-Executive Directors. The reports by the Committees follow starting on page 33.

At each meeting, the Board considers Directors' conflicts of interest. The Company's Articles of Association (Articles) provide for the Board to authorise any actual or potential conflicts of interest.

The Company has purchased Directors' and Officers' liability insurance as allowed by the Company's Articles.

All of the Directors offer themselves for re-election at each AGM.

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Day to day management of the activities of the Group by the Executive Directors;
- An organisation structure with defined levels of responsibility including a comprehensive compliance and risk function. The Head of Compliance and Risk maintains a risk register, compliance monitoring program and reports to the Executive Directors at least monthly;
- A detailed annual budget is prepared including income statement, statement of financial position and statement of cash flows. The budget is approved by the Board;
- Detailed monthly reporting of performance against budget; and
- Central control over key areas of capital expenditure, commercial contracts, litigation and treasury.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and resources available.

PRINCIPLE 10 – COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Group has and intends to maintain communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results.

Private shareholders are encouraged to attend the AGM at which the Group's activities are considered and questions answered. General information about the Group is available on the Group's website; www.ramsdensplc.com.

The Non-Executive Directors are available to discuss any matters stakeholders might wish to raise, and the Chairman and Non-Executive Directors have attended meetings or had calls with investors and analysts as required. Investor relations activity and a review of the share register are standing items on the board agenda.

The Company's AGM will take place on 17 July 2019. The Annual Report and Accounts and Notice of the AGM will be sent to shareholders at least 20 working days prior to this date.

AUDIT AND RISK COMMITTEE

On behalf of the Board, I am pleased to present the Audit and Risk Committee report for the year to 31 March 2019.

The Audit and Risk Committee is responsible for ensuring that the financial performance of the Group is properly reported and reviewed. Its role includes monitoring the integrity of the financial statements (interim and annual accounts and results announcements), reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

The Committee consists of myself as Chair and my two fellow Non-Executive Directors, Stephen Smith and Andrew Meehan. The Committee has met four times in the period. The Board is satisfied that I, as Chair of the Committee have recent and relevant financial experience. I am a chartered accountant and have recently served as Chief Financial Officer at Blancco Technology Group PLC. I have previously served as Chief Financial Officer at Debenhams plc and Northern Foods PLC. I report to the Board on all issues discussed by the Committee and present the Committee's recommendations. The Committee also meets the external auditors without any Executive Directors or senior management present.

DUTIES OF THE COMMITTEE

The main duties of the Audit and Risk Committee are set out in its terms of reference, which are available on www.ramsdensplc.com. The Committee will meet a minimum twice per year.

The main items of business considered by the Committee to date have been:

- Review of the financial statements and Annual Report;
- Consideration of the external audit report and management representation letter;
- Review of the suitability of the external auditor;
- Going concern review; and
- Review of the risk management and internal control systems including the internal compliance and risk function and compliance monitoring programme.

ROLE OF THE EXTERNAL AUDITOR

The Audit and Risk Committee monitors the relationship with the external auditor, Ernst & Young LLP, to ensure that auditor independence and objectivity are maintained. As part of its review the Committee monitors the provision of non-audit services by the external auditor and assesses the auditor's performance. Having reviewed the auditor's independence and performance the Audit and Risk Committee recommends that Ernst & Young LLP be re-appointed as the Company's auditor at the next AGM.

AUDIT PROCESS

The auditor prepares an audit plan for the review of the year's financial statements. The audit plan sets out the scope of the audit, significant and other risks associated with the audit (including Key Audit Matters) and audit timetable. The plan is reviewed and agreed in advance by the Audit and Risk Committee. Following the audit, the auditor presented its findings to the Audit and Risk Committee for discussion. The Audit Committee also has discussions with the Auditor, without the management being present, on the adequacy of controls and on any judgemental areas. The Auditor's report can be found on pages 44 to 48.

Two issues have been raised as Key Audit Matters by the Auditor.

THE RISK OF INCORRECT REVENUE RECOGNITION AS A RESULT OF FRAUDULENT TRANSACTIONS AT A BRANCH LEVEL

The Group has developed a bespoke IT system which includes significant controls to prevent transactions outside of certain policies and requires authorisation to complete transactions outside certain thresholds. The system also produces exception reporting which can be used by the Compliance and Risk team to monitor trends and unusual transactions.

The Committee has considered the reports from the Head of Compliance and Risk and the individual branch internal audit reports.

The Committee is satisfied with the internal controls, which include the branches being audited at least twice annually, and the verification of the existence of the assets. The Committee is further satisfied that the audit of the IT system and cash book would identify any anomalies.

The Committee is satisfied that there is not a material misstatement of revenue as a result of fraudulent transactions at a branch level.

THE RISK OF INCORRECT RECOGNITION OF PROFIT AND THE ASSOCIATED CREDIT LOSS ACCRUAL IN RESPECT TO PAWNBROKING

Interest receivable on pawnbroking loans is recognised as interest accrues by reference to the principle outstanding and the effective rate of interest applicable, which is the rate that discounts the estimated cash receipts through the expected life of the financial asset to that asset's net carrying value. The recognition of contractual interest reflects the application of IFRS 9.

The calculation for impairment of pawnbroking interest due to expected credit losses is material and is dependent on the estimate that the Group makes of both the expected level of the unredeemed pawnbroking loans and the ultimate realisation value for the pledge assets supporting those loans. An assessment is made on a pledge by pledge basis of the carrying value represented by original capital loaned plus accrued interest to date and its corresponding realisation value on sale of unredeemed pledges to identify any deficits. The principle estimates are;

Non Redemption Rate

- This is based upon current and historical data held in respect of non redemption rates

Realisation Value

This based upon either;

- The anticipated price of the metal that will be received through the sale of the metal content via disposal through a bullion dealer.
- The expected resale value of those jewellery items within the pledge that can be retailed through the branch network.

The Committee has considered the effective rate of interest calculation and the recognition of pawnbroking interest. The Committee has also reviewed the calculations undertaken to establish the expected credit losses for unredeemed loans. This includes the impact of changes to loan repayment outcomes and realisation proceeds of unredeemed pledged items. The Committee is satisfied that the recognition of pawnbroking revenue and pawnbroking credit losses are materially correct.

INTERNAL AUDIT

The Group has a compliance and risk function which under the direction of the Audit and Risk Committee undertakes asset verification checks of all branch and head office departmental cash, pledge and inventory balances and processes for adherence to policies and procedures. The compliance and risk function meets on a fortnightly basis with at least one Executive Director and the minutes of those meetings are reviewed by the Audit and Risk Committee.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has established a framework of risk management and internal control systems, policies and procedures. The Audit and Risk Committee is responsible for reviewing the risk management and internal control framework and ensuring it operates effectively. The Committee has reviewed the framework and is satisfied that the internal control systems in place are currently operating effectively.

WHISTLEBLOWING

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting and other matters. There were no incidents for consideration during the year.

ANTI-BRIBERY

The Group has in place an anti-bribery and anti-corruption policy which sets out its zero tolerance position and provides information and guidance to those working for the Group on how to recognise and deal with bribery and corruption issues. During the period there were no incidents for consideration.

GOING CONCERN

The Directors have prepared a detailed forecast with a supporting business plan for the foreseeable future. The forecast indicates that the Group will remain in compliance of its banking covenants throughout the forecast period. As such, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements.

SIMON HERRICK
Chair of the Audit and Risk Committee.

NOMINATION COMMITTEE REPORT

On behalf of the Board I am pleased to present the Nomination Committee report for the year ended 31 March 2019.

MEMBERS OF THE NOMINATION COMMITTEE

The Nomination Committee consists of myself and my follow Non-Executive Directors, Simon Herrick and Stephen Smith.

DUTIES OF THE NOMINATION COMMITTEE

In carrying out its duties, the Nomination Committee is primarily responsible for:

- Identifying and nominating individuals to fill Board vacancies;
- Evaluating the structure and composition of the Board with regards the balance of skills, knowledge, experience and making recommendations accordingly;
- Drafting the job descriptions of all Board members;
- Reviewing the time requirements of the Non-Executive Directors
- Giving full consideration to succession planning
- Reviewing the leadership of the Group

The Committee is scheduled to meet once a year but it will meet more frequently if required. The Committee reports to the Board on how it has discharged its responsibilities in accordance with its terms of reference.

ACTIVITY DURING THE YEAR

The Committee discussed the skills, experience and diversity of the current Board and committee members taking into account the current and future needs of the Group, its culture and strategic objectives. The Committee believes that the Board has the necessary balance of skills, knowledge and experience for its current needs. Please refer to page 26 for the Directors biographies. The Committee believes that the Directors are able to devote sufficient time to the Group, taking into account their other directorships.

The Committee discussed long term succession planning and emergency cover at Board level and of the senior management team. The senior management team remains relatively young and the Committee is fully supportive of the Leadership development programme which will further develop the team and identify potential senior leaders of the future.

The terms of reference were reviewed and are available on www.ramsdensplc.com

ANDY MEEHAN
Chair of the Nominations Committee

REMUNERATION COMMITTEE

On behalf of the Board I am pleased to present the Directors' Remuneration Report for the year ending 31 March 2019 which sets out the remuneration policy and the remuneration paid to the Directors for the year.

COMPOSITION AND ROLE

The Remuneration Committee consists of myself and my fellow Non-Executive Directors, Andy Meehan and Stephen Smith. The Committee operates under the Group's agreed terms of reference and is responsible for reviewing all senior executive appointments and determining the Group's policy in respect of terms of employment including remuneration packages of Executive Directors. The remuneration Committee met twice during the year.

REMUNERATION POLICY

Our remuneration policy is to:

- Include a competitive mix of base salary, pension, annual bonus and long term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Group's performance;
- Promote the long-term success of the Group in line with our strategy; and
- Provide appropriate alignment between the interests of shareholders and executives including minimum shareholdings.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The Executive Directors have service contracts which are not of fixed duration and can be terminated by either party giving 12 months written notice.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors signed letters of appointment which may be terminated on giving three months written notice. The Non-Executive Directors' remuneration is determined by the Board.

DIRECTORS' REMUNERATION

The following table summarises the total gross remuneration of the Directors who served during the year to 31 March 2019.

	FY19						FY18
	BASIC SALARY	BONUS	PENSION	LTIP	PHI	TOTAL	TOTAL
Executive							
Peter Kenyon	£182,500	£50,000	£10,000	£63,654	£1,306	£307,460	£377,526
Martin Clyburn	£127,500	£30,000	£12,500	£34,600	£613	£205,213	£244,098
Non Executive							
Andy Meehan	£63,254	-	-	-	-	£63,254	£57,504
Simon Herrick	£46,200	-	-	-	-	£46,200	£42,000
Steve Smith	£38,500	-	-	-	-	£38,500	£35,000
Aggregate remuneration	£457,954	£80,000	£22,500	£98,254	£1,919	£660,627	£756,128

As detailed in the Strategic Report and Financial Review, Ramsdens has delivered a good performance and made progress against its stated strategic priorities. The Executive bonus payment has been assessed against pre set objectives. Peter Kenyon received 27% of his potential maximum bonus and Martin Clyburn received 23% of his potential maximum bonus.

The Remuneration Policy for FY20 will operate as follows:

	BASIC SALARY	PENSION	PRIVATE HEALTH INSURANCE	BONUS
Executive				
Peter Kenyon	£191,625	10% of basic salary	Yes	Up to 100%
Martin Clyburn	£134,400	10% of basic salary	Yes	Up to 100%
Non Executive				
Andy Meehan	£65,907	-	-	-
Simon Herrick	£48,140	-	-	-
Steve Smith	£40,117	-	-	-

The bonus opportunities for the FY19 financial year will be assessed by the Remuneration Committee, who retain discretion over the awards, against the Group's profit and against personal performance objectives. The bonus percentage will adjust from zero to a maximum of 100% set against challenging performance targets.

LONG TERM INCENTIVE PLANS

ADMISSION LTIP

On admission to AIM the Group introduced a Long Term Incentive Plan (LTIP) set against two performance criteria over the financial years from admission to the year ending 31 March 2020 (FY20).

Fifty percent of the award is based on the total shareholder return (share price movement and the value of dividends) over the period from admission to AIM to 31 March 2020 with no award being made if the return rate is less than 30% over the period. A sliding scale will apply with 100% of the award vesting if 60% growth is achieved over the period.

Fifty percent of the award is based on increasing the earnings per share. No award will be made if the earnings per share do not grow by 24% over the three years from FY17 to FY20. A sliding scale will apply with 100% of the award vesting if 45% growth is achieved over the period.

The award is a number of shares, which can be bought at their nominal value.

The following directors and employees are included within the Admission LTIP.

	NUMBER OF SHARES AWARDED UNDER THE LTIP SCHEME
Peter Kenyon	250,000
Martin Clyburn	138,889
Mike Johnson	138,889
Jason Carr	69,444
Matt Fothergill	69,444
Michael Wilson	69,444
Mark Smith	69,444

LTIP FY18 – FY21

A further LTIP scheme was introduced following the publication of the FY18 Annual Report. This widened the participation in line with the Group's strategy to align the senior managers with the shareholders.

Fifty percent of the award is based on the total shareholder return (share price movement and the value of dividends) over the period from FY18 results to 31 March 2021 with no award being made if the return rate is less than 30% over the period. A sliding scale will apply with 100% of the award vesting if 50% growth is achieved over the period.

Fifty percent of the award is based on increasing the earnings per share. No award will be made if the earnings per share do not grow by 24% over the three years from FY18 to FY21. A sliding scale will apply with 100% of the award vesting if 45% growth is achieved over the period.

The award is a number of shares, which can be bought at their nominal value.

Peter Kenyon was awarded 50,000 shares and Martin Clyburn 25,000 shares under the scheme. An additional 145,000 shares were allocated to 14 Group employees.

LTIP FY19 – FY22

It is the Board's intention to issue a further LTIP within 42 days of the publication of this Annual Report. This will be issued to the wider Senior Management Team to recognise their contribution in seeking to implement the Group's strategy and achieve improved financial performance over the three year period. The scheme will follow the principles of the two existing LTIPs with 50% of any award linked to growing EPS and 50% of any award linked to total shareholder returns. Again, stretching targets will be set to achieve 100% of the award.

The Remuneration Committee retain discretion over the amount and terms of any LTIP awards.

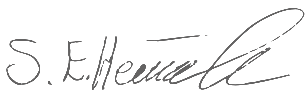
The Directors hold the following notifiable beneficial interests in the ordinary share capital of the Company

	TYPE OF SHARE	HOLDING AS AT 31 MARCH 2018	ACQUIRED IN THE FINANCIAL YEAR	SOLD IN THE FINANCIAL YEAR	AS AT 31 MARCH 2019
Executive					
Peter Kenyon*	1p ordinary	1,591,250	48,484	500,000	1,139,734
Martin Clyburn*	1p ordinary	209,375	-	-	209,375
Non Executive					
Andy Meehan*	1p ordinary	332,320	-	-	332,320
Simon Herrick	1p ordinary	19,950	-	-	19,950
Steve Smith*	1p ordinary	54,348	-	-	54,348

*held in personal name, in spouse's name or pension scheme.

If you have any comments or questions on anything contained in this Remuneration Report, I will be available at the AGM.

SIMON HERRICK
Chair of the Remuneration Committee



DIRECTORS' REPORT

for the year ended 31 March 2019

The Directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group during the year continue to be; the supply of foreign exchange services, pawnbroking, related financial services, jewellery sales, and the purchase of unwanted gold jewellery from the general public subsequently sold to the bullion market. The results for the year and the financial position of the group are as shown in the annexed financial statements.

A review of the business and its future development is given in the Chairman's and Chief Executive's statements.

RESULTS AND DIVIDENDS

The results for the year are set out in the consolidated income statement on page 49.

The Directors propose a final dividend of 4.8 pence per share subject to the approval at the Annual General Meeting on 17 July 2019.

During the year, the Group paid the final dividend for FY18 of 4.4 pence per share (FY17: 1.3) and an interim dividend of 2.4 pence per share for the year ended 31 March 2019 (FY18: 2.2).

LIKELY FUTURE DEVELOPMENT

Our priorities for the following financial year are disclosed in the CEO's Strategic Report on pages 6 to 15.

SUBSTANTIAL SHAREHOLDINGS

The Company has one class of ordinary share which carry no right to fixed income. Each ordinary share has the right to one vote at general meetings.

As far as the Directors are aware, the only notifiable holdings equal to or in excess of 3% of the issued ordinary share capital at 31 March 2019 were as shown in the table below.

NAME OF HOLDER	NUMBER	% OF VOTING RIGHTS IN THE ISSUED SHARE CAPITAL
Downing LLP	5,172,721	16.77
Cannacord Genuity Group	3,059,148	9.92
AXA Investment Mgrs.	2,378,000	7.71
Premier Fund Mgt.	2,287,142	7.42
Otus Capital Mgt.	2,236,721	7.25
Hargreaves Lansdown Asset	2,118,645	6.87
Close Asset Management	1,203,321	3.90
Peter Kenyon (CEO)	1,139,734	3.70
Interactive Investor	1,093,349	3.55

DIRECTORS AND THEIR INTEREST

The Directors who served throughout the year, except where otherwise stated, and up to the date of signing of the Annual Report and Accounts as follows;

EXECUTIVE

Peter Kenyon

Martin Clyburn

NON-EXECUTIVE

Andrew Meehan

Stephen Smith

Simon Herrick

Directors' beneficial interests and their remuneration are detailed in the Remuneration Report on pages 35 to 38.

DIRECTORS' INDEMNITIES

The Directors are entitled to be indemnified by the Company to the extent permitted by law and the Company's articles of association in respect of certain losses arising out of or in connection with the execution of their powers, duties and responsibilities. As permitted by the Companies Act 2006, the Company has also executed deeds of indemnity for the benefit of each Director in respect of liabilities that may attach to them in their capacity as Directors of the Company.

The Company also purchased and maintained Directors' and Officers' liability insurance throughout the year.

GOING CONCERN

The Directors confirm that, after having made appropriate enquiries, they have a reasonable expectation that the Group and the Company have adequate resources to continue operations for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in the preparation of the financial statements.

FINANCIAL RISK MANAGEMENT

Financial risk is managed by the board on an ongoing basis. The principal risks relating to the Group are outlined in more details on pages 18 to 23 of the strategic report.

POST BALANCE SHEET EVENTS

As announced, on 28 May 2019, the Group has purchased 12 Loan books and 4 stores, from Instant Cash Loans Limited trading as The Money Shop, for a total consideration of £0.5m which has been settled in cash. The purchase included the acquisition of £0.3m of pawnbroking loan book.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 17 July 2019.

POLITICAL DONATIONS

No political contributions were made during the year (FY18: £nil).

DISABLED EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

EMPLOYEE INVOLVEMENT

The group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. The Directors have a policy of providing employees with information about the group to keep them informed. The Group's employment structure facilitates management to engage regularly with staff at all levels thereby allowing a free flow of information and communication of Group policies and alignment of core goals. Employees are encouraged to participate in the performance of the business through varying incentive schemes.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In so far as each person who was a director at the date of approving this report is aware:

- there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Group's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Registered office:

Unit 16
Parkway Shopping Centre
Coulby Newham
Middlesbrough
TS8 0TJ

Signed by order of the Directors

KEVIN BROWN
Company Secretary

Approved by the Directors on
11 June 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS regulation. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website, www.ramsdensplc.com, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors.

The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Access cash against your valuables

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMSDENS HOLDINGS PLC

OPINION

In our opinion:

- Ramsdens Holdings PLC's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ramsdens Holdings PLC which comprise:

GROUP	PARENT COMPANY
Consolidated balance sheet as at 31 March 2019	Balance sheet as at 31 March 2019
Consolidated statement of comprehensive income for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes A to I to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 27 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OVERVIEW OF OUR AUDIT APPROACH

KEY AUDIT MATTERS	We have identified the following key audit matters, which were of most significance to our audit. • Risk of incorrect revenue recognition as a result of fraudulent transactions at a branch level • Risk of incorrect recognition of profit and the associated expected credit loss accrual in respect of pawnbroking
AUDIT SCOPE	• We performed an audit of the complete financial information of the Group, including Ramsdens Financial Limited.
MATERIALITY	• Overall group materiality of £0.325m (2018: £0.342m) which represents 5% of Profit before tax (2018: 5%).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMSDENS HOLDINGS PLC

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
Risk of incorrect revenue recognition as a result of fraudulent transactions at a branch level. *Refer to accounting policies in Note 3.16 of the consolidated financial statements (page 61).* At a branch level there is a risk that fraudulent transactions can occur and that these are recorded in the accounts. Branch management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Individual transactions are generally low value, thus such transactions may go unnoticed without a robust control environment. If transactions occurred at even a small percentage of stores, the financial impact could be material. This is a significant area of focus for the year-end audit. Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.	We have met with the Head of Compliance & Risk to obtain an understanding of the procedures performed by both the compliance department and the internal audit function to monitor controls. We have reviewed internal audit reports and noted no significant control deficiencies in the current year. We have reviewed the weekly desktop audit procedures to understand how exceptions at a transaction level are identified and how these are addressed, including how these are escalated to those charged with governance. We have reviewed the implementation of new controls in the year and confirmed that any exceptions identified under the new procedures have been responded to appropriately. We have performed substantive procedures including a monthly analysis of sales and gross margin, review of p-status deficits in the year and transactional testing to identify any unusual transactions. We have performed extensive testing to validate the existence of cash, physical stock, pawnbroking agreements and the related pledged items.	No material losses have been incurred during the year as a result of such transactions. Whilst our substantive procedures are not designed to detect fraud which may have occurred in the year, we have not identified any anomalies as a result of our procedures.

KEY AUDIT MATTERS (continued)

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
Risk of incorrect recognition of profit and the associated expected credit loss accrual in respect of pawnbroking *Refer to the Accounting policies in Note 3.16 and Note 4 in the Consolidated Financial Statements (page 61 to 62).* Interest receivable on pawnbroking loans is recognised as interest accrues, by reference to the effective interest rate applicable. In line with *IFRS 9: Financial Instruments*, management calculate the expected credit loss on pawnbroking contracts and recognise a provision for this within cost of sales. The expected credit loss is subject to estimates determined by management, notably the expected recoverable amount of the underlying security and the expected level of redemption rate of pawnbroking loans. There is an opportunity for management to change underlying assumptions of the pawnbroking provisions, which could materially impact the level of profit recognised. In the year to 31 March 2019, pawnbroking interest of £7.2m (2018: £7.0m) was recognised in the accounts. At 31 March 2019 the gross loanbook totalled £9.7m (2018: £9.8m), with related pawnbroking provisions of £0.4m (2018: £0.4m).	We have tested the accuracy and completeness of data used to calculate the provisions. We have challenged the provisioning methodology, with particular focus on changes to assumptions. We identified the three-year average spot price of 9 carat gold (£11.64) to recalculate the underlying value of security and compared this to management estimates used in the provision (2019: £11.61, 2018: £10.85). The same test is performed for silver items. The redemption rate is based upon management best estimate of the number of pawnbroking loans that will be redeemed. We compare the historic actual lifetime redemption rates (2019: 27%. 2018: 28%), to the rates applied in the provision (2019: 28%, 2018: 28%). We have performed sensitivity analysis on the key assumptions, including comparison of rates against actual outcomes, varying values of underlying security, and expected sales price of pledged items.	From our substantive testing, we have concluded that the inputs to the calculation are clerically accurate. We have concluded that the profit recorded in the year, and the related provisions on the statement of financial position at the year-end date are materially correct.

In the prior year, our auditor's report included a key audit matter in relation to the risk of incorrect recognition of revenue and the associated revenue accrual in respect of pawnbroking. In the current year this has been replaced by the risk of incorrect recognition of profit and the associated expected credit loss accrual in respect of pawnbroking. The reason for the change is due to the adoption of *IFRS 9: Financial Instruments*. Under this standard, the impairment model reflects expected credit losses. The Company now shows gross pawnbroking interest as revenue and recognises impairment as a cost of sale. In the previous year the Company showed revenue net of impairment. Our significant risk has been restated to reflect this reclassification on the income statement however the underlying risk and audit procedures remain unchanged.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMSDENS HOLDINGS PLC

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each entity.

We performed an audit of the complete financial information of Ramsdens Holdings PLC and the trading subsidiary, Ramsdens Financial Limited.

We have performed a full scope audit of Ramsdens Financial Limited and tested significant balances to an assigned performance materiality of £0.325m, which is equivalent to the group materiality.

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £0.325 million (2018: £0.342 million), which is 5% (2018: 5%) of profit before tax. We believe that profit before tax provides us with consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the Group.

We determined materiality for the Parent Company to be £0.113 million (2018: £0.108 million), which is 1% (2018: 1%) of net assets.

During the course of our audit, we reassessed initial materiality and have revised this to reflect final results, rather than basing on forecasts.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £0.243m (2018: £0.237m). We have set performance materiality at this percentage which reflects our expectation of the level of audit differences based on the prior year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.016m (2018: £0.016m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the annual report set out on pages 1 to 41, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 41, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

Ernst & Young LLP

Sandra Thompson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle

11 June 2019

Notes:

1. The maintenance and integrity of the Ramsdens Holdings PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 £'000	2018 £'000
Revenue	5	46,785	39,942
Cost of sales		(16,263)	(11,595)
Gross profit	5	30,522	28,347
Administrative expenses		(23,939)	(21,937)
Operating profit		6,583	6,410
Finance Costs	6	(131)	(177)
Gain on fair value of derivative financial liability		40	79
Profit before tax		6,492	6,312
Income tax expense	10	(1,332)	(1,278)
Profit for the period		5,160	5,034
Other comprehensive income		–	–
Total comprehensive income		5,160	5,034
Earnings per share in pence	8	16.7	16.3
Diluted earnings per share in pence	8	16.3	15.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	NOTES	2019 £'000	2018 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	5,485	4,302
Intangible assets	13	1,228	429
Investments	14	–	–
Deferred tax assets	10	167	84
		6,880	4,815
Current Assets			
Inventories	16	12,658	7,567
Trade and other receivables	17	10,906	10,613
Cash and short term deposits	18	13,420	14,619
		36,984	32,799
Total assets		43,864	37,614
Current liabilities			
Trade and other payables	19	6,490	7,074
Interest bearing loans and borrowings	19	5,184	1,883
Income tax payable	19	689	633
		12,363	9,590
Net current assets		24,621	23,209
Non-current liabilities			
Interest bearing loans and borrowings	20	–	1
Accruals and deferred income	20	453	300
Derivative financial liabilities	20	–	40
Deferred tax liabilities	20	140	115
		593	456
Total liabilities		12,956	10,046
Net assets		30,908	27,568
Equity			
Issued capital	21	308	308
Share premium		4,892	4,892
Retained earnings		25,708	22,368
Total equity		30,908	27,568

The financial statements of Ramsdens Holdings PLC, registered number 8811656, were approved by the directors and authorised for issue on 11 June 2019 and signed on their behalf by:

M.A. Clyburn

M A CLYBURN
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	Share Capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 April 2017		308	4,892	18,195	23,395
Profit for the year		–	–	5,034	5,034
Total comprehensive income		–	–	5,034	5,034
Dividends paid	22	–	–	(1,079)	(1,079)
Share based payments	26	–	–	161	161
Deferred tax on share based payments		–	–	57	57
As at 31 March 2018		308	4,892	22,368	27,568
As at 1 April 2018		308	4,892	22,368	27,568
Profit for the year		–	–	5,160	5,160
Total comprehensive income		–	–	5,160	5,160
Dividends paid	22	–	–	(2,097)	(2,097)
Share based payments	26	–	–	221	221
Deferred tax on share based payments		–	–	56	56
As at 31 March 2019		308	4,892	25,708	30,908

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 £'000	2018 £'000
Operating activities			
Profit before tax		6,492	6,312
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	12	1,215	1,079
Amortisation and impairment of intangible assets	13	157	211
Change in derivative financial instruments		(40)	(79)
Loss on disposal of property, plant and equipment		74	29
Share based payments	25	221	161
Finance costs	6	131	177
Working capital adjustments:			
Movement in trade and other receivables and prepayments		424	(1,251)
Movement in inventories		(5,091)	(2,229)
Movement in trade and other payables		(651)	2,350
		2,932	6,760
Interest paid		(131)	(173)
Income tax paid		(1,278)	(999)
Net cash flows from operating activities		1,523	5,588
Investing activities			
Proceeds from sale of property, plant and equipment		3	1
Purchase of property, plant and equipment	12	(2,315)	(1,201)
Purchase of intangible assets	13	(109)	(111)
Acquisition	11	(1,504)	–
Net cash flows used in investing activities		(3,925)	(1,311)
Financing Activities			
Dividends paid	22	(2,097)	(1,079)
Payment of finance lease liabilities		(8)	(8)
Bank loans drawn down		5,183	1,875
Repayment of bank borrowings		(1,875)	(2,310)
Net cash flows from financing activities		1,203	(1,522)
Net increase in cash and cash equivalents		(1,199)	2,755
Cash and cash equivalents at 1 April		14,619	11,864
Cash and cash equivalents at 31 March		13,420	14,619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Ramsdens Holdings PLC (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Unit 16, Parkway Shopping Centre, Coulby Newham, Middlesbrough, TS8 0TJ. The registered company number is 08811656. A list of the Company's subsidiaries is presented in note 14.

The principal activities of the Company and its subsidiaries (the "Group") are the supply of foreign exchange services, pawnbroking and related financial services, jewellery sales, and the purchase of gold jewellery from the general public.

2. CHANGES IN ACCOUNTING POLICIES

Adoption of new and revised standards

In the current year, the Company has applied the following accounting standards that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Further details of the impact of IFRS 9 are given below. The other changes have not had a material impact on the amounts reported in these financial statements.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
AMENDMENTS TO IFRS 2	Classification and Measurement of Share-based Payment Transactions
AMENDMENTS TO IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
AMENDMENTS TO IAS 40	Transfer of Investment Property
IFRIC 22	Foreign Currency Transactions and Advanced Consideration
ANNUAL IMPROVEMENTS TO IFRSS: 2014-2016	Annual Improvements to IFRSs:2014-16 Cycle – IFRS 1 and IAS 28 Amendments

Standards issued but not yet effective

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

IFRS 16	Leases
AMENDMENTS TO IFRS 9	Prepayment Features with Negative Compensation
AMENDMENTS TO IAS 10 AND IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
AMENDMENTS TO IAS 40	Transfer of Investment Property

The Directors have considered the likely impact of the above standards on the financial statements of the Company in future periods. Other than IFRS 16 detailed below, the directors do not consider that the standards will have a material impact on the financial statements in future periods.

IFRS 9 Financial Instruments

The Group has applied IFRS 9 Financial Instruments and has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures. The Group has opted not to amend 2018 comparatives.

Pawnbroking loans are financial instruments and are therefore in scope of IFRS 9.

The impairment model under IFRS 9 reflects expected credit losses. The Group now shows gross pawnbroking interest as revenue and recognises impairment as a cost of sale. In the previous year the Group showed revenue net of impairment. This change does not affect the profit or reserves in the current or previous year, and therefore the comparative balances have not been restated.

The Group has also reviewed receivables from segments other than pawnbroking and has concluded that expected credit losses for these receivables are consistently immaterial to the Group.

There is no change in the accounting for any financial liabilities.

There has been no changes in classification as a result of the implementation of IFRS 9.

2. CHANGES IN ACCOUNTING POLICIES continued

IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 Revenue from Contracts with Customers. IFRS 15 introduces a 5 step approach to revenue recognition which has been reviewed against the revenue recognition policies of the Group.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what is more commonly known as 'accrued income' and 'deferred income', however the standard does not prohibit the use of alternative descriptions in the financial statements. The Group has retained the use of 'deferred income' in the financial statements.

As a result of the implementation of IFRS 15 during the year, management has reviewed the accounting treatment of unredeemed pawnbroking loans. These are loan balances where the customer has defaulted on their loan. Management has assessed these transactions against the control criteria in IFRS 15 and has concluded that the substance of the legal arrangement is that control of the pledged item transfers to the Group at the point the customer defaults. This is due to the fact the Group controls the method of disposal and the price, despite legal title of the goods not transferring. Management has recorded revenue of £2,472,000 to reflect the consideration received for the pledged item, with a corresponding adjustment to cost of sales, reflecting the cost to the Group. There is no impact on gross profit or earnings as a result of this adjustment. The pledge balance, representing the cost of acquiring the pledged item, has been reclassified to inventory, and is measured at the lower of cost and net realisable value in accordance with IAS 2. Accordingly, the Statement of Financial Position has been amended to reflect the transfer from receivables to inventory, amounting to £1,965,000 at 1 April 2018. This has no impact on total current assets or the net assets.

The application of IFRS 15, including identification of performance obligations and the point at which these are satisfied, is disclosed in the updated revenue recognition policy detailed in 3.16 below.

The Group has adopted IFRS 15 using the modified retrospective approach. Therefore the comparative information was not restated. The impact of the application of IFRS 15 is detailed below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	IFRS15 £'000	PREVIOUS IFRS £'000	CHANGE £'000
Revenue	46,785	44,313	2,472
Cost of sales	(16,263)	(13,791)	(2,472))
Gross profit	30,522	30,522	–
Profit before tax	6,492	6,492	–
Profit for the period	5,160	5,160	–
Total comprehensive income	5,160	5,160	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 APRIL 2018

	IFRS15 £'000	PREVIOUS IFRS £'000	CHANGE £'000
Inventories	9,532	7,567	1,965
Trade and other receivables	8,648	10,613	(1,965)
Current assets	32,799	32,799	–
Total assets	37,614	37,614	–
Total liabilities	10,046	10,046	–
Net assets	27,568	27,568	–
Total equity	27,568	27,568	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The Group expects to adopt IFRS 16 for the year ending 31 March 2020. As at 31 March 2019, the Group has non-cancellable operating lease commitments of £11.7m. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 24. Our assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements. Preliminary calculations indicate that the impact on the balance sheet will be a net reduction in retained earnings of £1.1m as at 31 March 2019, with the right-of-use asset capitalised at net book value of £9.9m offset by lease liability of £10.8m. The impact on the Group's Statement of Comprehensive Income for 2019 is likely to be favourable by £0.1m.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in pounds sterling which is the functional currency of the parent and presentational currency of the Group. All values are rounded to the nearest thousand (£000), except when otherwise indicated.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiary undertakings (as detailed above). The financial information of all Group companies is adjusted, where necessary, to ensure the use of consistent accounting policies. In line with IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3.3 Going Concern

The Directors have made appropriate enquiries and formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

3.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which represents the fair value of the assets transferred and liabilities incurred or assumed. Acquisition related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Comprehensive Income as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3. SIGNIFICANT ACCOUNTING POLICIES continued

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Comprehensive Income when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite and at each date of the Statement of Financial Position no intangible assets are accorded an indefinite life.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Amortisation is calculated over the estimated useful lives of the assets as follows:

- Customer relationships – 40% reducing balance
- Software – 20% straight line

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible assets.

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses (if any). All other repair and maintenance costs are recognised in the Statement of Comprehensive Income as incurred.

Depreciation is calculated over the estimated useful lives of the assets as follows:

- Leasehold property – straight line over the lease term
- Fixtures & fittings – 20% & 33% reducing balance
- Computer equipment – 25% & 33% reducing balance
- Motor vehicles – 25% reducing balance

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES continued

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, which is usually taken to be each individual branch store. These budgets and forecast calculations are generally covering a period of ten years.

Impairment losses of continuing operations are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.8 Inventories

Inventories comprise of electronics, retail jewellery and precious metals held to be scrapped and are valued at the lower of cost and net realisable value.

Cost represents the purchase price plus overheads directly related to bringing the inventory to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to sell.

3.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are all recognised and derecognised on a trade date basis. All recognised financial assets are measured and subsequently measured at amortised cost or fair value depending on the classification of the financial asset.

Classification of financial assets

Financial assets that meet the following criteria are measured at amortised cost:

- the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In accordance with IFRS 9 Financial Instruments the Group has classified its financial assets as amortised cost, no financial assets have been classified as FVTOCI or FVTPL at the reporting dates for 2019 and 2018.

The effective interest method is used to calculate the amortised cost of debt instruments by allocating interest income over the relevant period.

3. SIGNIFICANT ACCOUNTING POLICIES continued

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition less the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand, foreign currency held for resale and short term deposits held with banks with a maturity of three months or less from inception.

For the purpose of the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash, foreign currency held for resale and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. The amount of credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group recognises the 12 month expected credit losses. As pawnbroking loans are typically over a six month term the lifetime credit losses are usually the same as the 12 month expected credit losses.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable including historical experience.

The measurement of expected credit losses is a function of the probability of default, and the loss (if any) on default. The assessment of the probability of default is based on historical data. The loss on default is based on the assets gross carrying amount less any realisable security held. The expected credit loss calculation considers both the interest income and the capital element of the pawnbroking loans. Details of the key assumptions for pawnbroking expected credit losses are given in note 4.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Comprehensive Income.

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

All financial liabilities are recognised initially at amortised cost or at fair value through profit and loss (FVTPL).

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Comprehensive Income.

Only the Group's derivative financial instruments are classified as financial liabilities at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Income. The net gain or loss recognised in the Statement of Comprehensive Income incorporates any interest paid on the financial liability.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the Statement of Financial Position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.10 Fair value measurement

The Group measures derivatives, at fair value at the date of each Statement of Financial Position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3.11 Taxation

Current 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 and laws that have been enacted or substantively enacted by the date of the Statement of Financial Position.

Deferred tax

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 the date of each Statement of Financial Position 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.

3. SIGNIFICANT ACCOUNTING POLICIES continued

Deferred tax is calculated at the tax rates and laws 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 is recognised on an undiscounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities 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.

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date.

For arrangements entered into prior to 1 April 2013, the date of inception is deemed to be 1 April 2013 in accordance with IFRS 1 *First-time Adoption of International Reporting Standards.*

Hire purchase agreements and finance lease agreements

Finance leases and hire purchase agreements that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. The leased asset is depreciated over the shorter of the lease term and its useful economic life.

Obligations under such agreements are included within payables, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of interest on the net obligation outstanding in each period.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the risks and benefits or ownership remains with the lessor, are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Lease incentives are spread over the period of the lease on a straight line basis.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured using the Directors' best estimate of the expenditure required to settle the obligation at the date of each Statement of Financial Position.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All of the Group's premises are leased under operating leases. The majority of the leases include an end of lease rectification clause to return the property to its original state. No provision is made until a board decision has been taken to either terminate or not to renew the lease. Additionally, the Group maintains stores to a high standard and completes any necessary repairs and maintenance on a timely basis using the in-house property department and external contractors. These costs are expensed as incurred.

3.14 Pensions and other post-employment benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held and administered separately from those of the Group. Contributions payable for the year are charged in the Statement of Comprehensive Income. Total contributions for the year are disclosed in note 9 to the accounts. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

3.15 Employee share incentive plans

The Group grants equity settled share option rights to the parent entity's equity instruments to certain directors and senior staff members under a LTIP (Long term incentive plan). The employee share options are measured at fair value at the date of grant by the use of either the Black- Scholes Model or a Monte Carlo model depending on the vesting conditions attached to the share option. The fair value is expensed on a straight line basis over the vesting period based on an estimate of the number of options that will eventually vest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES continued

3.16 Revenue recognition

The major sources of revenue come from the following:

- Pawnbroking
- Foreign currency exchange
- Purchase of precious metals
- Retail jewellery sales
- Income from other financial services

Pawnbroking interest is recognised in accordance with IFRS 9, whereas revenue from other sources is recognised in accordance with IFRS 15.

Pawnbroking revenue

Revenue from pawnbroking comprises interest on pledge loan books and comprises the following two distinct components:

Contractual interest earned:

Contractual interest is earned on pledge loans up to the point of redemption or the end of the primary contract term. Interest receivable on loans is recognised as interest accrues by reference to the principle outstanding and the effective rate applicable, which is the rate that discounts the estimated cash receipts through the expected life of the financial asset to that asset's net carrying value.

Revenue arising from the disposal of unredeemed pledge contracts:

When a customer defaults on a pawnbroking loan, the unredeemed pledge contracts are recognised as inventory. Revenue is recognised on the subsequent sale of the pledged assets supporting the pledge contract under IFRS 15.

Foreign currency exchange income

Revenue is earned in respect of the provision of Bureau de Change facilities offered and represents the margin earned which is recognised at the point the currency is collected by the customer as this represents when the service provided under IFRS 15 has been delivered.

Sale of precious metals acquired via over the counter purchases

Revenue is recognised when control of the goods has transferred, being at the point the goods are received by the bullion dealer and a sell instruction has been issued. If a price has been fixed in advance of delivery, revenue is recognised at the point the goods are received by the bullion dealer.

Jewellery retail sales

Revenue is recognised at the point the goods are transferred to the customer and full payment has been made. Customers either pay in full at the time of the transaction and receive the goods, or pay in instalments and receive the goods once the sale is fully paid. Instalment payments are recognised as deferred income until the item is fully paid. The Group has a 7 day refund policy in store, and a 14 day refund policy online reflecting the distance selling regulations.

Other financial income

Other financial income comprises cheque cashing fees, buyback and other miscellaneous revenues. Cheque cashing revenue is recognised when the service is provided under IFRS 15 which includes making a payment to the customer. Buyback revenue relates to the sale of items to a customer, either the person who originally sold that item to the business, or to a third party. Revenue is recognised when the goods are transferred to the customer. Full payment is taken at the time or prior to transferring the goods.

3.17 Administrative expenses

Administrative expenses include branch staff and establishment costs.

4. KEY SOURCES OF ESTIMATION, UNCERTAINTY AND SIGNIFICANT ACCOUNTING JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management do not consider there to be significant accounting judgements affecting the consolidated financial statements, however, they have identified the following areas of estimation uncertainty:

Revenue recognition – pawnbroking loans interest and impairment

The Group recognises interest on pawnbroking loans as disclosed in note 3.16. The provision for impairment of pawnbroking loans is material and is dependent on the estimate that the Group makes of both the expected level of the unredeemed pawnbroking loans and the ultimate realisation value for the pledge assets supporting those loans. An assessment is made on a pledge by pledge basis of the carrying value represented by original capital loaned plus accrued interest to date and its corresponding realisation value on sale of unredeemed pledges to identify any deficits. The principle estimates within the loan interest accrual are:

1. Non Redemption Rate

This is based upon current and historical data held in respect of non-redemption rates

2. Realisation Value

This is based upon either;

- The current price of the metal that will be received through the sale of the metal content via disposal through a bullion dealer.
- The expected resale value of those jewellery items within the pledge that can be retailed through the branch network.

See note 15 for further details on pawnbroking credit risk and impairment provision values.

Impairment of property, plant and equipment and intangible assets

Determining whether property, plant and equipment and intangibles are impaired requires an estimation of the value in use of the CGU to which the assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and selecting 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 CGU, which is usually taken to be each individual branch store.

The principal assumptions applied by management in arriving at the value in use of each CGU are as follows:

1. The Group prepares cash flow forecasts for each branch. Cash flows represent management's estimate of the revenue of the relevant CGU, based upon the specific characteristics of the branch and its stage of development.

2. The Group has discounted the forecast cash flows at a pre-tax, risk adjusted rate of 12%.

3. Where the recoverable amount of the CGU was estimated to be less than its carrying amount, the carrying amount of the CGU was reduced to the estimated recoverable amount.

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

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENTAL ANALYSIS

The Group's revenue from external customers is shown by geographical location below:

	2019 £'000	2018 £'000
Revenue		
United Kingdom	46,707	39,800
Other	78	142
	46,785	39,942

The Group's assets are located entirely in the United Kingdom therefore, no further geographical segments analysis is presented. The Group is organised into operating segments, identified based on key revenue streams, as detailed in the CEO's review.

The Group's revenue is analysed below between revenue from contracts with customers and other sources which comprises interest earned on pawnbroking loans.

	2019 £'000	2018 £'000
Revenue		
Contracts with customers	39,543	32,976
Pawnbroking interest income	7,242	6,966
	46,785	39,942

	2019 £'000	2018 £'000
Revenue		
Pawnbroking	10,544	6,966
Purchases of precious metals	12,343	10,936
Retail Jewellery sales	9,771	7,960
Foreign currency margin	11,585	11,329
Income from other financial services	2,542	2,751
Total revenue	46,785	39,942

Included within the pawnbroking segment revenue above, is pawnbroking interest of £7,242,000 and revenue arising from the disposal of pledges of £3,302,000. As a consequence of adopting IFRS9 and IFRS15, both Pawnbroking Revenue and Pawnbroking Cost of sales have increased by £3.0m in FY19, with comparatives not restated.

	2019 £'000	2018 £'000
Gross profit		
Pawnbroking	7,520	6,966
Purchases of precious metals	4,801	4,356
Retail Jewellery sales	5,039	4,130
Foreign currency margin	11,585	11,329
Income from other financial services	1,577	1,566
Total gross profit	30,522	28,347
Administrative expenses	(23,939)	(21,937)
Finance costs	(131)	(177)
Gain on fair value of derivative financial liability	40	79
Profit before tax	6,492	6,312

5. SEGMENTAL ANALYSIS continued

Income from other financial services comprises of cheque cashing fees, electronics & buybacks, agency commissions on miscellaneous financial products.

Revenue from the purchases of precious metals is currently from one bullion dealer. There is no reliance on key customers in other revenue streams.

The Group is unable to meaningfully allocate 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 segmental results.

	2019 £'000	2018 £'000
Other information		
Tangible & intangible capital additions (*)	3,431	1,312
Depreciation and amortisation (*)	1,372	1,290

	2019 £'000	2018 £'000
Assets		
Pawnbroking	11,363	9,421
Purchase of precious metals	1,492	1,323
Retail Jewellery sales	9,085	6,214
Foreign currency margin	7,566	7,162
Income from other financial services	591	472
Unallocated (*)	13,767	13,022
	43,864	37,614
Liabilities		
Pawnbroking	284	254
Purchase of precious metals	4	5
Retail Jewellery sales	1,286	1,418
Foreign currency margin	2,402	2,814
Income from other financial services	525	422
Unallocated (*)	8,455	5,133
	12,956	10,046

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

Fixed assets are therefore included in the unallocated assets balance.

6. FINANCE COSTS

	2019 £'000	2018 £'000
Interest on debts and borrowings	130	176
Finance charges payable under finance leases and hire purchase contracts	1	1
Total finance costs	131	177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PROFIT BEFORE TAXATION HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING)

	2019 £'000	2018 £'000
Depreciation of property, plant and equipment reported within:		
– Administrative expenses	1,215	1,079
Amortisation of intangible assets reported within:		
– Administrative expenses	157	211
Loss on disposal of property, plant and equipment	74	29
Cost of inventories recognised as an expense	15,711	11,595
Staff costs	12,250	11,256
Foreign currency exchange losses/(gains)	85	(93)
Operating lease payments	3,165	2,726
Auditor's remuneration	90	78

The Company and Group audit fees are borne by a subsidiary undertaking, Ramsdens Financial Limited. There were no fees payable to the Company's auditor in respect of non-audit services.

8. EARNINGS PER SHARE

	2019 £'000	2018 £'000
Profit for the year	5,160	5,034
Weighted average number of shares in issue	30,837,653	30,837,653
Earnings per share (pence)	16.7	16.3
Fully diluted earnings per share (pence)	16.3	15.9

9. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments

	2019				2018			
	Emoluments	Pension	LTIP	Total	Emoluments	Pension	LTIP	Total
Executive								
Peter Kenyon	232	10	64	306	312	15	50	377
Martin Clyburn	158	13	34	205	207	10	28	245
Non Executive								
Andrew Meehan	63	–	–	63	58	–	–	58
Simon Herrick	46	–	–	46	42	–	–	42
Steve Smith	39	–	–	39	35	–	–	35
Total	538	23	98	659	654	25	78	757

9. INFORMATION REGARDING DIRECTORS AND EMPLOYEES continued

	2019 £'000	2018 £'000
Included in administrative expenses:		
Wages and salaries	10,997	10,211
Social security costs	783	738
Share option scheme	221	161
Pension costs	249	146
Total employee benefits expense	12,250	11,256

The average number of staff employed by the Group during the financial period amounted to:

	2019 No.	2018 No.
Head Office and management	91	84
Branch Counter staff	546	491
	637	575

10. INCOME TAX

The major components of income tax expense are:

Consolidated Statement of Comprehensive Income

	2019 £'000	2018 £'000
Current income tax:		
Current income tax charge	1,373	1,341
Adjustments in respect of current income tax of previous year	(39)	(14)
	1,334	1,327
Deferred tax:		
Relating to origination and reversal of temporary differences	(2)	(49)
Income tax expense reported in the Statement of Comprehensive Income	1,332	1,278

A reconciliation between tax expense and the product of accounting profit multiplied by the UK domestic tax rate is as follows:

	2019 £'000	2018 £'000
Profit before income tax	6,492	6,312
UK corporation tax rate at 19% (2018: 19%)	1,233	1,199
Expenses not deductible for tax purposes	138	93
Prior period adjustment	(39)	(14)
Income tax reported in the Statement of Comprehensive Income	1,332	1,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX continued

Deferred tax

Deferred tax relates to the following:

	2019 £'000	2018 £'000
Deferred tax assets		
Share based payments	167	84
Deferred tax assets	167	84
Deferred tax liabilities		
Accelerated depreciation for tax purposes	41	1
Other short-term differences	99	114
Deferred tax liabilities	140	115

Reconciliation of deferred tax liabilities net

	2019 £'000	2018 £'000
Opening balance as of 1 April	31	137
Deferred tax recognised in the Statement of Comprehensive Income	(2)	(49)
Other deferred tax	(56)	(57)
Closing balance as at 31 March	(27)	31

Factors affecting tax charge

The standard rate of UK corporation tax for the period was 19% (2018: 19%). Reductions in the rate to 19% from 1 April 2017 and 17% from 1 April 2020 were enacted prior to the date of the Statement of Financial Position and have been applied to the Group's deferred tax balances. This will adjust the Group's future tax charge accordingly.

11. ACQUISITIONS

On the 1 March 2019 the company purchased the trade and certain assets of 18 stores and 5 pawnbroking loan books from Instant Cash Loans Ltd trading as The Money Shop for a cost of £1,504,000. The fair value of the assets and liabilities acquired were as follows:

	£'000
Intangible Fixed Assets – Customer relationships	486
Tangible Fixed Assets – Fixtures & Fittings	160
Trade debtors	717
Creditors due within one year	(220)
Fair value of assets and liabilities acquired	1,143
Goodwill arising on acquisition	361
Total consideration paid	1,504

Total consideration was paid in cash.

Post acquisition, 16 stores continue to trade, with 2 stores and the 5 pawnbroking loan books being merged into existing Ramsdens stores. The acquisition has generated £159,000 of revenue and a loss before tax of £24,000 for the period from acquisition to 31 March 2019. The Group notes it is impractical to calculate the historic revenue and profit of the acquisition for the period prior to acquisition given incomplete information. The goodwill of £361,000 comprises the residual intangible assets which do not meet the recognition criteria under IAS 38 Intangibles to be treated as separate identifiable assets. The goodwill arising on acquisition is not deductible for tax purposes.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property £'000	Fixtures & Fitting £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2018	4,146	2,732	511	40	7,429
Additions	1,289	859	141	26	2,315
Acquisition (note 11)	–	160	–	–	160
Disposals	(182)	(324)	(20)	(26)	(552)
At 31 March 2019	5,253	3,427	632	40	9,352
Depreciation					
At 1 April 2018	1,861	1,096	150	20	3,127
Depreciation charge for the year	674	422	109	10	1,215
Disposals	(160)	(277)	(17)	(21)	(475)
At 31 March 2019	2,375	1,241	242	9	3,867
Net book value					
At 31 March 2019	2,878	2,186	390	31	5,485
At 31 March 2018	2,285	1,636	361	20	4,302

Finance leases

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 31 March 2019 was £11,000 (2018: £15,000). Assets under hire purchase contracts are pledged as security for the related hire purchase liabilities. Total future obligations under finance leases are £1,000 (2018: £9,000).

13. INTANGIBLE ASSETS

	Customer relationships £'000	Website £'000	Goodwill £'000	Total £'000
Cost				
At 1 April 2018	1,375	79	80	1,534
Additions	24	–	85	109
Acquisition (note 11)	486	–	361	847
Disposals	–	–	–	–
At 31 March 2019	1,885	79	526	2,490
Amortisation				
At 1 April 2018	1,071	34	–	1,105
Amortisation charge for the year	141	16	–	157
Disposals	–	–	–	–
At 31 March 2019	1,212	50	–	1,262
Net book value				
At 31 March 2019	673	29	526	1,228
At 31 March 2018	304	45	80	429

Customer relationship additions relate to £24,000 paid for the pawnbroking customer list purchased on the 5 December 2018.

Goodwill of £85,000 relates to 3 separate purchases of individual stores during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. INVESTMENTS

The Group has a minor holding in Big Screen Productions 5 LLP.

Big Screen Productions 5 LLP, whilst still trading, has wound down its operations and made a capital distribution equivalent to the value of the carrying value of the investment in 2015. The investment now has a £nil carrying value.

Group Investments

Details of the investments in which the Group and Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Activity
Subsidiary undertakings			
Ramsdens Group Limited (Registered office: Unit 16 Parkway Centre, Coulby Newham, TS8 0TJ)	Ordinary Shares	100%	Dormant
Ramsdens Financial Limited (Registered office: Unit 16 Parkway Centre, Coulby Newham, TS8 0TJ)	Ordinary Shares	100%	Supply of foreign exchange services, pawnbroking, purchase of gold jewellery, jewellery retail and related financial services.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At 31 March 2019	Fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Book Value £'000	Fair Value £'000
Financial assets					
Trade and other receivables	–	9,944	–	9,944	9,944
Cash and cash equivalents	–	13,420	–	13,420	13,420
Financial liabilities					
Trade and other payables	–	–	(5,553)	(5,553)	(5,553)
Borrowings	–	–	(5,184)	(5,184)	(5,184)
Derivative financial liabilities – interest rate swap	–	–	–	–	–
Net financial assets/(liabilities)	–	23,364	(10,737)	12,627	12,627

At 31 March 2018	Fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Book Value £'000	Fair Value £'000
Financial assets					
Trade and other receivables	–	9,930	–	9,930	9,930
Cash and cash equivalents	–	14,619	–	14,619	14,619
Financial liabilities					
Trade and other payables	–	–	(6,170)	(6,170)	(6,170)
Borrowings	–	–	(1,883)	(1,883)	(1,883)
Derivative financial liabilities – interest rate swap	(40)	–	–	(40)	(40)
Net financial assets/(liabilities)	(40)	24,549	(8,053)	16,456	16,456

Trade and other receivables shown above comprises trade receivables, other receivables and pledge accrued income as disclosed in note 17.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

Trade and other payables comprises of trade payables and other payables as disclosed in notes 19 & 20.

Borrowings comprises of bank borrowings, obligations under finance leases, loan notes and other loans as disclosed in notes 19 & 20.

Loans and receivables are non-derivative financial assets carried at amortised cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

Management have assessed that for cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities their fair values approximate to their carrying amounts largely due to the short-term maturities of these instruments. Book values are deemed to be a reasonable approximation of fair values.

Fair value

The assumptions used by the Group to estimate the fair values are summarised below:

The fair value of the interest rate swaps is based upon the projected interest rate curves, over the life of the interest rate swaps.

The fair value of all other financial instruments is equivalent to their book value due to their short maturities.

Financial Risks

The Group monitors and manages the financial risks relating to the financial instruments held. The principal risks include credit risk on financial assets, and liquidity and interest rate risk on financial liability borrowings. The key risks are analysed below.

Credit risk

Pawnbroking loans

Pawnbroking loans are not credit impaired at origination as customers are expected to repay the capital plus interest due at the contractual term. The Group is exposed to credit risk through customers defaulting on their loans. Customers are deemed to default when the Group assesses that a loan will be repaid by realising the pledged assets rather than by repayment by the customer. The key mitigating factor to this risk is the requirement for the borrower to provide security (the pledge) in entering a pawnbroking contract. The security acts to minimise credit risk as the pledged item can be disposed of to realise the loan value on default.

The Group estimates that the current fair value of the security is equal to the current book value.

In addition to holding security, the Group further mitigates credit risk by:

1) Applying strict lending criteria to all pawnbroking loans. Pledges are rigorously tested and appropriately valued. In all cases where the Group lending policy is applied, the value of the pledged items is in excess of the pawn loan.

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

3) The carrying value of every pledge comprising the pawnbroking loans is reviewed against its expected realisation proceeds should it not be redeemed and any deficits are provided for based on current and historical non redemption rates.

The Group continually 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 pawnbroking contracts comply with the Consumer Credit Act 2006;
- Appropriate physical security measures are in place to protect pledged items; and
- An internal audit department monitors compliance with policies at the Group's stores.

Expected Credit losses

The Group measures loss allowances for pawnbroking loans using IFRS 9 expected credit losses model. The Group's policy is to begin the disposal process one month after the loan expiry date unless circumstances exist indicating the loan may not be credit impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

	Gross amount £'000	Loss allowance £'000	Net carrying amount £'000
Category			
Performing	9,705	(393)	9,312
	9,705	(393)	9,312

The pawnbroking expected credit losses which have been provided on the period end pawnbroking assets are:

	Pawnbroking loans £'000
At 1 April 2017	292
Net Statement of Comprehensive Income charge	50
At 31 March 2018	342
Net Statement of Comprehensive Income charge	51
Balance at 31 March 2019	393

Expected credit losses have increased in the year due to the increase in the pawnbroking loan book.

Bad Debts written off during the year net of recoveries were:

	2019 £'000	2018 £'000
Pawnbroking loans	9	14

The ageing of the Pawnbroking loans excluding those in the course of realisation is as follows:

	2019 £'000	2018 £'000
Within contractual term	6,611	5,732
Past due	1,032	699
	7,643	6,431

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 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.

Market risk

Pawnbroking loans

The collateral which protects the Group from credit risk on non-redemption of pawnbroking loans is principally comprised of gold, jewellery items and watches. The value of gold items held as security is directly linked to the price of gold. The Group is therefore exposed to adverse movements in the price of gold on the value of the security that would be attributable for sale in the event of default by the borrower.

The Group considers this risk to be limited for a number of reasons. First of all, the Group applies conservative lending policies in pawnbroking pledges reflected in the margin made on retail sales and scrap gold when contracts forfeit. The Group is also protected due to the short-term value of the pawnbroking contract. In the event of a significant drop in the price of gold, the Group could mitigate this risk by reducing its lending policy on pawnbroking pledges, by increasing the proportion of gold sold through retail sales or by entering gold hedging instruments. Management monitors the gold price on a constant basis.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

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

i) A lower gold price will adversely affect the scrap disposition margins on existing inventory, whether generated by pledge book forfeits or direct purchasing. While scrap profits will be impacted immediately, retail margins may be less impacted in the short term.

ii) While the Group's lending rates do not track gold price movements in the short term, any sustained fall in the price of gold is likely to cause lending rates to fall in the longer term thus potentially reducing future profitability.

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 and volumes.

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.

Liquidity risk

Cash and cash equivalents

Bank balances are held on short term/no notice terms to minimise liquidity risk.

Trade and other payables

Trade and other payables are non-interest bearing and are normally settled on up to 60 day terms, see note 19.

Borrowings

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

	2019 £'000	2018 £'000
Bank borrowings	5,183	1,875
Amount repayable		
In one year or less	5,183	1,875
In more than one year but no more than two years	–	–
In more than two years but no more than five years	–	–
	5,183	1,875

The interest charged on bank borrowings is based on a fixed percentage above LIBOR. There is therefore a cash flow risk should there be any upward movement in LIBOR rates. Assuming the £10million revolving credit facility was fully utilised then a 1% increase in the LIBOR rate would increase finance costs by £100,000 pre-tax and reduce post-tax profits by £81,000.

Derivative financial instruments comprise of interest rate swap facilities that matured in October 2018. The movement in this liability is shown as a gain on fair value of derivative financial liability in the Statement of Comprehensive Income. For the year ended 31 March 2019 the gain was £40,000 (2018: £79,000)

Liabilities from financing activities include bank borrowings and obligations under finance leases. Bank borrowings at 31 March 2018 were all repaid during the year and the balance at 31 March 2019 was drawn during the year. The obligations under finance leases at 31 March 2018 which were due within one year have all been paid in the year with the remaining £1,000 which was due in greater than one year now included as a liability within a year at 31 March 2019. Amounts repaid in the year are shown in the consolidated Statement of Cash Flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. INVENTORIES

	2019 £'000	2018 £'000
New and second hand inventory for resale (at lower of cost or net realisable value)	12,658	7,567

17. TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Pawnbroking loans	7,643	6,431
Pawnbroking in the course of realisation	–	1,965
Pledge accrued income	1,669	1,025
Trade receivables	615	495
Other receivables	17	14
Prepayments and accrued income	962	683
	10,906	10,613

18. CASH AND CASH EQUIVALENTS

	2019 £'000	2018 £'000
Cash and cash equivalents	13,420	14,619

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits.

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 15.

19. TRADE AND OTHER PAYABLES (CURRENT)

	2019 £'000	2018 £'000
Trade payables	4,225	5,003
Other payables	423	336
Income tax liabilities	689	633
Other taxes and social security	216	198
Accruals	1,144	1,246
Deferred income	482	291
Bank borrowings	5,183	1,875
Obligations under finance leases (note 11)	1	8
	12,363	9,590

£257,000 of the deferred income balance at 31 March 2018 has been recognised in the Statement of Comprehensive Income in the current year.

Terms and conditions of the above financial liabilities:

- Trade and other payables are non-interest bearing and are normally settled on up to 60 day terms

For explanations on the Group's liquidity risk management processes, refer to note 15.

19. TRADE AND OTHER PAYABLES (CURRENT) continued

Bank borrowings

The RCF facility was renewed during the year with an increase in facility size from £7m to £10m and an increase in term for a further 3 years. Details of the facility are as follows:

Key Term	Description
Facility	Revolving Credit Facility with Clydesdale Bank Plc (trading as Yorkshire Bank)
Total facility size	£10m
Termination date	March 2022
Utilisation	The £10m facility is available subject to the ratio of cash at bank in hand (inclusive of currency balances) to the RCF borrowing exceeding 1.5 as stipulated in the banking agreement
Interest	Interest is charged on the amount drawn down at 2.4% above LIBOR rate when the initial drawdown is made and for unutilised funds interest is charged at 0.84% from the date when the facility was made available. The LIBOR rate is reset to the prevailing rate at every interest period which is typically one and three months.
Interest Payable	Interest is payable at the end of a drawdown period which is typically between one and three months.
Repayments	The facility can be repaid at any point during its term and re-borrowed,
Security	The facility is secured by a debenture over all the assets of Ramsdens Financial Ltd and cross guarantees and debentures have been given by Ramsdens Group Limited and Ramsdens Holdings PLC.
Undrawn facilities	At 31 March 2019 the group had available £4.7m of undrawn committed facilities.

Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for one motor vehicle. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments at 31 March 2019 is £1,000 (2018: £9,000).

20. NON-CURRENT LIABILITIES

	2019 £'000	2018 £'000
Obligations under finance leases (note 12)	–	1
Accruals	453	265
Deferred income	–	35
Derivative financial instruments	–	40
Deferred tax (note 10)	140	115
	593	456

21. ISSUED CAPITAL AND RESERVES

	No.	£'000
Ordinary shares issued and fully paid		
At 31 March 2018 & 31 March 2019	30,837,653	308

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 19, cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2019 £'000	2018 £'000
Final dividend for the year ended 31 March 2018 of 4.4p per share (31 March 2017 of 1.3p per share)	1,357	401
Interim dividend for the year ended 31 March 2019 of 2.4p per share (31 March 2018 of 2.2p per share)	740	678
	2,097	1,079
Amounts proposed and not recognised:		
Proposed final dividend for the year ended 31 March 2019 of 4.8p per share (31 March 2018 of 4.4p per share)	1,480	1,357

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

23. PENSIONS

The Group operates a defined contribution scheme for its directors and employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The outstanding pension contributions at 31 March 2019 are £36,000 (2018: £13,000).

24. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

At the date of the Statement of Financial Position, the Group had outstanding commitments for future minimum rentals payable under non-cancellable operating leases, which fall due as follows:

	2019 £'000	2018 £'000
Land and buildings		
Within one year	2,634	2,368
After one year but not more than five years	6,659	6,566
More than five years	2,743	1,673
	12,036	10,607

	2019 £'000	2018 £'000
Other		
Within one year	89	61
After one year but not more than five years	130	36
More than five years	–	–
	219	97

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

25. RELATED PARTY DISCLOSURES

Ultimate controlling party

The Company has no controlling party.

Transactions with related parties

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 key management personnel

The remuneration of the Directors of the Company, who are the key management personnel of the Group, is set out below in aggregate:

	2019 £'000	2018 £'000
Short term employee benefits	772	946
Post employment benefits	39	43
Share based payments	151	119
	962	1,108

26. SHARE BASED PAYMENTS

The Company operates a Long-term Incentive Plan (LTIP). The charge for the year in respect of the scheme was:

	2019 £'000	2018 £'000
LTIP	221	161

The LTIP is a discretionary share incentive scheme under which the Remuneration Committee of Ramsdens Holdings PLC can grant options to purchase ordinary shares at nominal 1p per share cost to Executive Directors and other senior management. The LTIP commenced in March 2017, details were as follows:

	Number of conditional Shares	Weighted average exercise price in pence
Outstanding at the beginning of the year	805,554	–
Granted during the year	220,000	–
Forfeited during the year	–	–
Exercised during the year	–	–
Outstanding at the end of the year	1,025,554	–

The options vest according to the achievement against two criteria:

Total Shareholder Return – TSR – 50% of options awarded

Earnings per Share – EPS – 50% of options awarded

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. SHARE BASED PAYMENTS continued

The Fair value of services received in return for share options granted is based on the fair value of share options granted and are measured using the Monte Carlo method for TSR performance condition as this is classified as a market condition under IFRS 2 and using the Black Scholes method for the EPS performance condition which is classified as a non- market condition under IFRS 2. The fair values have been computed by an external specialist and the key inputs to the valuation model were:

	TSR Condition	EPS Condition	TSR Condition	EPS Condition
Model	Monte Carlo	Black Scholes	Monte Carlo	Black Scholes
Grant Date	02/07/2018	02/07/2018	13/03/2017	13/03/2017
Share Price	£1.75	£1.75	£1.06	£1.06
Exercise Price	£0.01	£0.01	£0.01	£0.01
Vesting period	2.75 years	2.75 years	3.05 years	3.05 years
Risk Free return	0.7%	0.7%	0.2%	0.2%
Volatility	30.0%	30.0%	27.0%	27.0%
Dividend Yield	4.0%	4.0%	7.5%	7.5%
Fair value of Option (£)	0.46	1.56	0.39	0.81

Early exercise of the options is permitted if a share award holder ceases to be employed by reason of death, injury, disability, or sale of the Company. The maximum term of the share options is 10 years.

27. POST BALANCE SHEET EVENTS

As announced, on 28 May 2019, The Group has purchased 12 Loan books and 4 stores, from Instant Cash Loans Limited trading as The Money Shop, for a total consideration of £0.5m which has been settled in cash. The purchase included the acquisition of £0.3m of pawnbroking loan book.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	NOTES	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investments	D	7,804	7,681
Deferred tax	E	167	84
		7,971	7,765
Current assets			
Receivables	F	3,708	3,511
Cash and short term deposits		7	27
		3,715	3,538
Total assets		11,686	11,303
Current liabilities			
Trade and other payables	G	152	302
		152	302
Net current assets		3,563	3,236
Total assets less current liabilities		11,534	11,001
Net assets		11,534	11,001
Equity			
Issued capital	H	308	308
Share Premium		4,892	4,892
Retained earnings		6,334	5,801
Total equity		11,534	11,001

The Profit after tax for the Company for the year ended 31 March 2019 was £2,339,000 (2018: £2,050,000).

These financial statements were approved by the directors and authorised for issue on 11 June 2019 and signed on their behalf by:

M.A. Clyburn

M A CLYBURN
Chief Financial Officer

Company Registration Number: 8811656

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 April 2017	308	4,892	4,598	9,798
Profit for the year	–	–	2,050	2,050
Total comprehensive income	–	–	2,050	2,050
Dividends paid	–	–	(1,079)	(1,079)
Share based payments	–	–	161	161
Deferred tax on share based payments	–	–	71	71
As at 31 March 2018	308	4,892	5,801	11,001
As at 1 April 2018	308	4,892	5,801	11,001
Profit for the year	–	–	2,339	2,339
Total comprehensive income	–	–	2,339	2,339
Dividends paid	–	–	(2,097)	(2,097)
Share based payments	–	–	221	221
Deferred tax on share based payments	–	–	70	70
As at 31 March 2019	308	4,892	6,334	11,534

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

A. ACCOUNTING POLICIES

Basis of Preparation

Ramsdens Holdings PLC (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Unit 16, Parkway Shopping Centre, Coulby Newham, Middlesbrough, TS8 0TJ. The registered company number is 08811656. A list of the Company's subsidiaries is presented in note D.

The principal activities of the Company and its subsidiaries (the "Group") are the supply of foreign exchange services, pawnbroking and related financial services, jewellery sales, and the purchase of gold jewellery from the general public.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced disclosure Framework' as issued by the FRC in September 2015.

The financial statements have been prepared on the historical cost basis.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a Statement of Cash Flow, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of Ramsdens Holdings PLC. The Group financial statements of Ramsdens Holdings PLC are available to the public

The financial statements have been prepared on a going concern basis as discussed in the Directors' Report.

The particular accounting policies adopted are described below.

Taxation

Current Tax

The tax currently payable is based on taxable profit for the year. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the date of the Statement of Financial Position.

Deferred Tax

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.

Investments

Fixed assets investments are shown at cost less provision for impairment.

Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting 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 Statement of Comprehensive Income on the date that the dividend becomes a binding liability on the subsidiary company.

Dividends payable are recorded as a distribution from retained earnings in the period in which they become a binding liability on the Company.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

A. ACCOUNTING POLICIES continued

Employee Share Incentive Plans

Ramsdens Holdings PLC grants equity settled share option rights to the parent entity's equity instruments to certain directors and senior staff members under a LTIP (Long term incentive plan). The employee share options are measured at fair value at the date of grant by the use either the Black Scholes Model or a Monte Carlo model depending on the vesting conditions attached to the share option. The fair value is expensed on a straight line basis over the vesting period based on an estimate of the number of options that will eventually vest.

B. COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its Statement of Comprehensive Income for the year.

The auditor's remuneration for the current and preceding financial years is borne by a subsidiary undertaking, Ramsdens Financial Limited. Note 7 to the Group financial statements discloses the amount paid.

C. STAFF AND KEY PERSONNEL COSTS

Other than the Directors who are the key personnel, the Company has no employees, details of their remuneration is set out below

	2019 £'000	2018 £'000
Remuneration receivable	538	654
Value of company pension contributions to money purchase schemes	23	25
Share based payments	98	78
	659	757

Remuneration of the highest paid director:

	2019 £'000	2018 £'000
Remuneration receivable	232	312
Value of company pension contributions to money purchase schemes	10	15
Share Based Payments	64	50
	306	377

The number of directors accruing retirement benefits under the money purchase scheme is 2 (2018: 2).

D. INVESTMENTS

Shares in subsidiary undertakings

	2019 £'000	2018 £'000
Cost		
Cost brought forward	7,681	7,845
Additions – Share based payments	123	83
Impairment – reduction in capital in Ramsdens Group Limited	–	(247)
Cost carried forward	7,804	7,681

Additions represent share based payment expense recognised in Ramsdens Financial Limited. The impairment in the previous year was the result of a reduction in capital in Ramsdens Group Limited. This reduction in capital facilitated a dividend paid by Ramsdens Group Limited to Ramsdens Holdings PLC of £250,000.

The Investments in Group Companies which are included in the consolidated statements are as follows

Name of company	Holding	Proportion of voting rights and shares held	Activity
Subsidiary undertakings			
Ramsdens Group Limited (Registered office: Unit 16 Parkway Centre, Coulby Newham, TS8 0TJ)	Ordinary Shares	100%	Dormant
Ramsdens Financial Limited (Registered office: Unit 16 Parkway Centre, Coulby Newham, TS8 0TJ)	Ordinary Shares	100%	Supply of foreign exchange services, pawnbroking, purchase of gold jewellery, jewellery retail and related financial services.

E. DEFERRED TAX

Deferred tax relates to the following:

	2019 £'000	2018 £'000
Deferred tax assets		
Share based payments	167	84
	167	84

Reconciliation of Deferred Tax Assets

	2019 £'000	2018 £'000
Opening balance as of 1 April	84	–
Deferred tax credit recognised in the Statement of Comprehensive Income	13	13
Other deferred tax	70	71
Closing balance as at 31 March	167	84

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

F. RECEIVABLES

	2019 £'000	2018 £'000
Amounts owed by subsidiary companies	3,694	3,477
Prepayments	14	34
	3,708	3,511

The expected credit losses on amounts owed by subsidiary companies is £nil.

G LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade Payables	11	10
Other Creditors	92	261
Other taxes and Social Security	20	17
Current tax liabilities	29	14
	152	302

H. CALLED UP SHARE CAPITAL

Details of the called up share capital including share shares issued during the year can be found in note 21 within the Group financial statements of Ramsdens Holdings PLC.

I. POST BALANCE SHEET EVENTS

There were no post balance sheets events that require further disclosure in the financial statements.

COMPANY ADVISORS

Directors	Andrew David Meehan (Non-Executive Chairman) Peter Edward Kenyon (Chief Executive Officer) Martin Anthony Clyburn (Chief Financial Officer) Simon Edward Herrick (Non-Executive Director) Stephen John Smith (Non-Executive Director)
Company Secretary	Kevin Nigel Brown, F.C.A.
Registered Office and Principal Place of Business	Unit 16 The Parkway Centre Coulby Newham Middlesbrough TS8 0TJ
Telephone Number	01642 579957
Website	www.ramsdensplc.com
Nominated Advisor	Liberum Capital Limited 25 Ropemaker Street London EC2Y 9LY
Auditor	Ernst & Young LLP Citygate St James Boulevard Newcastle Upon Tyne NE1 4JD
Solicitors	Addleshaw Goddard Exchange Tower 19 Canning Street Edinburgh EH3 8EH
Financial Public Relations Advisor to the Company	Hudson Sandler LLP 25 Charterhouse Square London EC1M 6AE
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Principal Bankers	Clydesdale Bank trading as Yorkshire Bank 1st Floor 94-96 Briggate Leeds LS1 6NP

RAMSDENS