12 June 2019

Ramsdens Holdings PLC
("Ramsdens", the "Group", the "Company")
Annual Results for the year ended 31 March 2019

Good growth underpinned by the continuing strengths of the Group's diversified business model

Ramsdens, the diversified financial services provider and retailer, today announces its Annual Results for the year ended 31 March 2019 (the "period").

Financial highlights:

	Year ended 31 March 2019	**Year ended 31 March 2018**	**Year on year change**
Group Revenue	**£46.8m**	£39.9m	**+17%**
Underlying EBITDA*	**£8.3m**	£7.9m	**+5%**
Underlying Profit Before Tax*	**£6.7m**	£6.5m	**+4%**
Basic EPS	**16.7p**	16.3p	**+2%**

- The proposed final dividend of 4.8p, if approved, will take the full year dividend to 7.2p (FY18: 6.6p) and an increase of 9%
- Net assets up £3.3m to £30.9m, including cash of £13.4m
- As a consequence of adopting IFRS9 and IFRS15, both Revenue and Cost of sales have increased by £3.0m in FY19, with comparatives not restated. Excluding this, Revenue grew by 10%.

Operational highlights:

- Continued growth across all business segments with the Group serving more than 832,000 customers during the year
- £496m of currency was exchanged with the Group in the year (FY18: £485m)
- Jewellery Retail revenue grew by 23% to £9.8m (FY18: £8.0m)
- Store estate at the year-end increased by 25 to 156 stores including 4 franchised stores (FY18: 131 stores including 4 franchised)
- Acquisition of 18 stores and five loan books from The Money Shop completed towards the end of the financial year. Post the year end, the Group completed the acquisition of an additional four stores trading as The Money Shop and 12 loan books

** The underlying figures reflect Earnings before interest, tax, depreciation and amortisation (EBITDA) and Profit before Tax (PBT), adjusted for the share based payments charge.*

Peter Kenyon, Chief Executive, commented:
"This has been another strong year of growth and strategic progress for Ramsdens. The Group's good performance has been achieved despite external headwinds and reflects the strengths of our diversified business model, our trusted brand, and our value for money proposition.

We have continued to expand the Ramsdens brand across both existing and new communities in the UK through store openings and exciting acquisitions. We continue to see further opportunities to grow Ramsdens by capitalising on consolidation opportunities in what remains a highly fragmented market.

Customer demand for our products across our 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 strategic objectives and make further progress in the year ahead."

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About Ramsdens
Ramsdens is a growing, diversified, financial services provider and retailer, operating in the four core business segments of foreign currency exchange, pawnbroking loans, precious metals buying and selling and retailing of second hand and new jewellery.

Headquartered in Middlesbrough, the Group operates from 163 stores within the UK (including 4 franchised stores and 7stores opened or acquired post year end) and has a small but growing online presence.

In the last financial year, the Group served over 832,000 customers across its different services. Ramsdens is fully FCA authorised for its pawnbroking and credit broking activities.

www.ramsdensplc.com
www.ramsdensforcash.co.uk

CHAIRMAN'S STATEMENT

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.

OUR BUSINESS

The first Ramsdens opened in Stockton-on-Tees in May 1987 and the Group retains its Teesside 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.

Andrew Meehan
Non-Executive Chairman
11 June 2019

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.

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.

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 Worksop.

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 comparable prior year, customer numbers exchanging currency increased by 4% to 705,0000 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.

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.

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%).

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%).

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%).

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:

1. Continuing to improve the performance of our core estate;
2. Expanding the Ramsdens branch footprint in the UK;
3. Developing our online proposition;
4. 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:

1. **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

2. **…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

3. **….that our customers become our ambassadors.**
   - Recommendations from family and friends remains our biggest source of new customers.

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.

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.

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 yearend, 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.

Peter Kenyon
Chief Executive Officer
11th June 2019

FINANCIAL DIRECTOR'S REVIEW

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.
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 bringing the total 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).

IFRS9

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, totalling £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.

IFRS15

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.

Martin Clyburn
Chief Financial Officer
11th June 2019

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

		2019	2018
Assets	**Notes**	**£'000**	**£'000**
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

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

Operating activities	**Notes**	**2019 £'000**	**2018 £'000**
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.

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	Previous IFRS	Change
	£'000	£'000	£'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	Previous IFRS	Change
	£'000	£'000	£'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	-

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.

3.5 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.

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.

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.

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.

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.

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 revenue 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.

5. Segmental analysis
The Group's revenue from external customers is shown by geographical location below:

	2019	**2018**
Revenue	**£'000**	**£'000**
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 income earned on pawnbroking loans.

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

Revenue	2019 £'000	2018 £'000
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.

Gross profit	2019 £'000	2018 £'000
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

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

	2019	2018
	£'000	**£'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	2018
	£'000	£'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

7. Profit before taxation has been arrived at after charging/(crediting)

	2019	2018
	£'000	£'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	2018
	£'000	£'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

	2019	**2018**
	£'000	**£'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	**2018**
	No.	**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	2018
	£'000	£'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	2018
	£'000	£'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

Deferred tax
Deferred tax relates to the following:

	2019	2018
	£'000	£'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	2018
	£'000	£'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	Fixtures & Fitting	Computer equipment	Motor vehicles	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'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	9,532
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	Website	Goodwill	Total
	£'000	£'000	£'000	£'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.

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	Loans and receivables	Financial liabilities at amortised cost	Book Value	Fair Value
	£'000	£'000	£'000	£'000	£'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	Loans and receivables	Financial liabilities at amortised cost	Book Value	Fair Value
	£'000	£'000	£'000	£'000	£'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.

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.

Category	**Gross amount £'000**	**Loss allowance £'000**	**Net carrying amount £'000**
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	**2018**
	£'000	**£'000**
Pawnbroking loans	9	14

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

	2019	**2018**
	£'000	**£'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.

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	2018
	£'000	£'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.

16. Inventories

	2019	2018
	£'000	£'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	2018
	£'000	£'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	2019
	£'000	£'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	2018
	£'000	£'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.

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	2018
	£'000	£'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

Ordinary shares issued and fully paid	No.	£'000
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.

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:

Land and buildings	**2019**	**2018**
	£'000	**£'000**
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

Other	**2019**	**2018**
	£'000	**£'000**
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	2018
	£'000	£'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	2018
	£'000	£'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

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	2018
Assets		**£'000**	**£'000**
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
Chief Financial Officer
Company Registration Number: 8811656

Parent Company Statement of Changes in Equity

For the year ended 31 March 2019

	Share Capital	Share premium	Retained earnings	Total
	£'000	**£'000**	**£'000**	**£'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
	308	4,892	5,801	11,001
As at 31 March 2018				
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

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.

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

Reconciliation of deferred tax assets

	2019	2018
	£'000	£'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

F. RECEIVABLES

	2019	2018
	£'000	**£'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	2018
	£'000	**£'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.