



Serving all your travel money needs



Treat yourself to new or pre-owned jewellery



Access cash against your valuables



RAMSDENS

**HELPING YOU WITH
EVERYDAY LIFE**

Annual Report 2017

WHAT WE DO

Ramsdens is a diversified financial services provider and retailer operating in the following core segments:



HOW

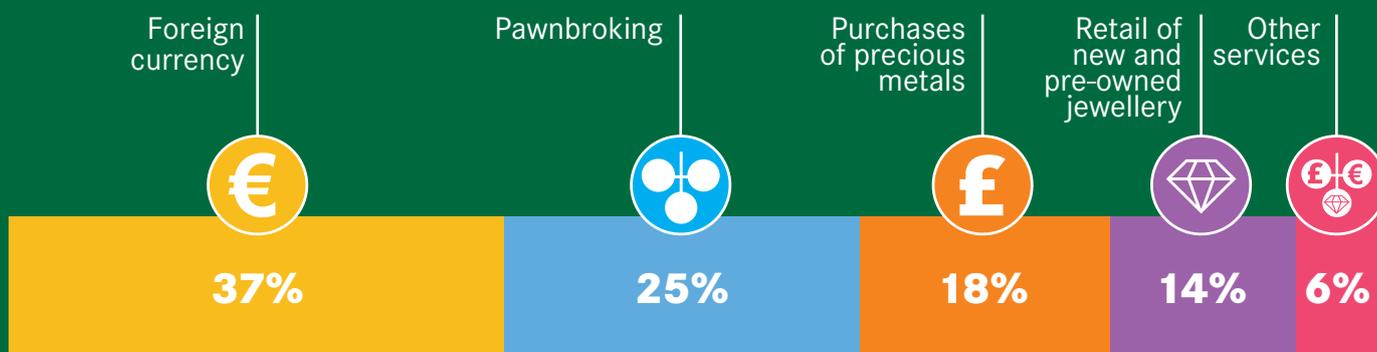
Head quartered in Middlesbrough, with roots that can be traced back to the 1970s, we provide our products and services from 127 stores (including 3 franchisees) within the UK and have a growing online offering for Foreign Currency and Jewellery Retail.



MISSION

Our mission is to provide a great customer offering and give such fantastic service that our customers become ambassadors for Ramsdens.

GROSS PROFIT



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* All percentages are calculated from the actual numbers not rounded headline numbers.

A transformational year

FY17 was a transformational year for Ramsdens, during which we successfully listed on AIM.

PROFITABLE AND GROWING

EBITDA grew by 27%
to **£6.0m***
(FY16: £4.7m)

PBT grew by 73%
to **£4.0m***
(FY16: £2.3m)

STRONG BALANCE SHEET

Net assets up £7.0m
to **£23.4m**
(Cash of £11.9m)

Net Cash of
£9.6m
(FY16: £4.0m)

OPERATIONAL PROGRESS

FX customers grew
8% to more than
600,000

Currency exchanged
increased 13% to
£408m

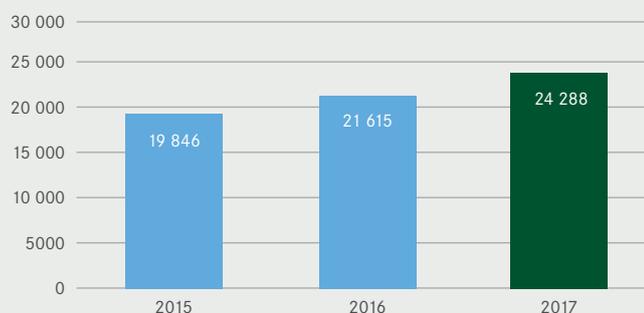
Pawnbroking customers
grew 14% to more than
33,000

Pawnbroking loan
book increased 5% to
£6.0m

*excludes exceptional IPO costs

Financial Highlights

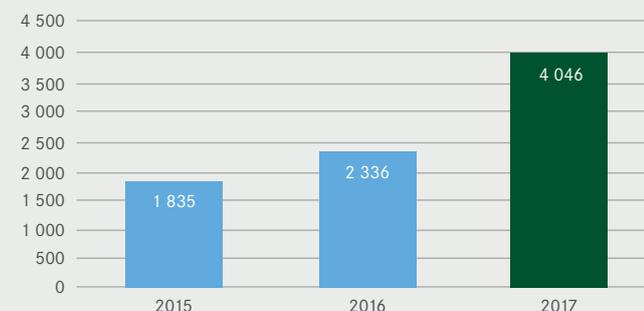
GROSS PROFIT IN £000'S



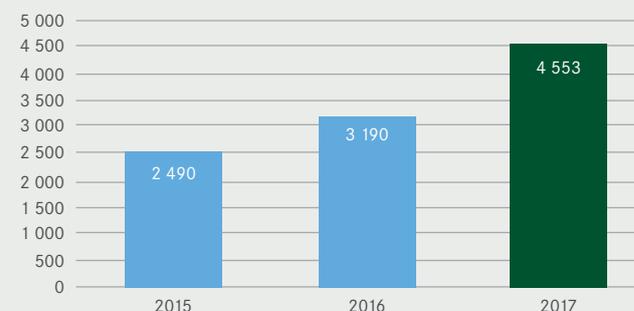
EBITDA IN £000's ADJUSTED FOR EXCEPTIONAL ITEMS



PROFIT BEFORE TAX IN £000's ADJUSTED FOR EXCEPTIONAL ITEMS



OPERATING PROFIT IN £000's BEFORE EXCEPTIONAL ITEMS



The 2015 financial information has been extracted from Ramsdens Holdings PLC admission document which has been based on aggregating the results of Ramsdens Financial Limited and its subsidiaries for the period 1 April 2014 to the 1 September 2014 with the results of the Ramsdens Holdings PLC consolidated group for 2 September 2014 to 31 March 2015.

RAMSDENS

INTRODUCTION

This is our first Annual Report as a public company and it is a great pleasure to welcome our new shareholders to Ramsdens.

FY17 was a transformational year for the business and included the Company's successful admission to AIM in February 2017. We were pleased with the strong response to the Company's placing on AIM which reflected investors' recognition of the Group's proven operations and its exciting prospects.

Ramsdens has a strong and trusted brand, a diversified product offering and a loyal and growing customer base. With these qualities, combined with our profile as a public company, the Board is more excited than ever about Ramsdens' future and we are looking forward to creating value for shareholders.



OUR BUSINESS

Ramsdens is a growing and diversified financial services provider and retailer. The Group operates 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. In the last financial year, the Group served over 730,000 customers across its different services.

The business is headquartered in Middlesbrough and has a strong heritage – our first store opened in Stockton-on-Tees in May 1987. In addition to our recognised and trusted brand, we are proud of our well-invested store estate. As at the year end, the Group operated from 127 stores (including 3 franchised stores) within the UK (FY16: 125 stores including 4 franchised stores), supported by a small but growing online presence.

During the year, the Group's investment into growing the Ramsdens brand continued. As the main shirt sponsor for Middlesbrough Football Club, we enjoyed greater exposure during their season in the Premier League. In a market where brand trust is critical, Ramsdens is an increasingly recognised brand in each of our four key business segments and our continued investment in marketing remains a key factor in supporting the Group's growth.

FINANCIAL RESULTS & DIVIDEND

Continued momentum across the Group's four core business segments resulted in reported revenue increasing by 15% to £34.5m (FY16: £30.0m). This growth was driven by a particularly strong performance in our Foreign Exchange segment, which grew currency exchanged by an impressive 13% to £408m (FY16: £362m).

As a result, the Group delivered a pleasing Adjusted Profit Before Tax* outcome of £4.0m (FY16: £2.3m) This was, as flagged in our trading update in April 2017, comfortably ahead of the Board's initial expectations. The Earnings per share, adjusted for the year end shareholding and excluding exceptional IPO costs were 10.1 pence. The Group has a strong balance sheet, good cash generation and positive indicators for growing gross profit.

The Directors intend to adopt a progressive dividend policy to reflect the cash flow generation and earnings potential of the Group. Assuming that there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one third and two thirds, respectively, of the total annual dividend. The Board is recommending a maiden final dividend of 1.3p which covers the period since the Company announced its Intention to Float on 2 February 2017 to 31 March 2017. Subject to approval at the AGM, this first dividend is expected to be paid on 20 September 2017 to shareholders on the register at 23 August 2017.

BOARD

Central to Ramsdens' success during recent years has been the Group's highly committed and skilled management team. They have a deep understanding of our business and customers as well as outstanding leadership qualities and energy. In January 2017, we were pleased to strengthen the Group's Board with the appointment of two new Non-Executive Directors; Simon Herrick and Steve Smith. We are already benefiting from their deep experience and expertise and I look forward to their continued contributions in the years to come.

OUTLOOK

Since I joined the Group as Chairman in 2014, I have witnessed a strong period of growth and investment in the business. Building on this foundation, I am convinced the best is yet to come for Ramsdens.

The pawnbroking and foreign exchange markets remain competitive. However, the Board believes that they are markets in which businesses with strong brands, diversified offerings and robust balance sheets will succeed. The Group will continue to execute its clear growth strategy (which is outlined in detail in our Chief Executive's report) and expand our presence through new store openings whilst also appraising potential acquisition and consolidation opportunities. Having successfully made and integrated more than 10 store or pawnbroking loan book acquisitions in recent years, the Group is confident of its ability to identify and deliver value enhancing opportunities for the Group in this fragmented and dynamic market.

The macroeconomic environment remains uncertain and the devaluation of GBP following the UK's EU referendum in June 2016 is contributing to a stronger sterling gold price, albeit volatile on a daily basis, which supports both our pawnbroking and precious metal buying segments. We believe that the summer of 2016 was a 'staycation' summer but from reading reports that early holiday bookings for summer 2017 are ahead of last year, there is a basis for optimism that we will serve more holiday makers requiring foreign currency in the busy summer period this year.

The FY18 financial year has started well for the Group. Customer demand for our products across our key business segments remains strong and the Group is well positioned to take advantage of its clear growth opportunities. We have a diversified business, a loyal and growing customer base, a committed team and a strong brand. These qualities give us confidence of successfully delivering the Board's clear growth strategy in the year ahead.



Andrew Meehan
Non-Executive Chairman
6 June 2017

GROUP SERVED OVER

730,000

CUSTOMERS



REVENUE INCREASED BY **15%** TO

£34.5M

FY16 £30.0M



GROUP OPERATED FROM

124

STORES



ADJUSTED PROFIT BEFORE TAX*

£4.0M

FY16 £2.3M



* excludes exceptional IPO costs

RAMSDENS

A YEAR OF EXCELLENT PROGRESS

It is a great pleasure to present the Group's first Strategic Review since our flotation to all our stakeholders. This is an exciting time for Ramsdens as we continue to grow the business whilst remaining as committed as ever to offering our customers market-leading services across our key business areas.

Ramsdens made significant progress during FY17 by driving continued growth across each of its key segments and delivering the major milestone of the Group's admission to AIM in February 2017. The success of the Group's IPO is testament to Ramsdens' track record in recent years of successful growth through investing in the business, improving the store estate and successfully diversifying the product offering to widen the customer base whilst remaining resolutely focused on delivering a truly satisfying customer experience.

DELIVERING OUR CLEAR GROWTH STRATEGY

Ramsdens has a clear strategy for the long-term, sustainable development of the business across its key market segments. The Board continues to believe in the Group's ability to leverage its strengths including a diversified offer, a recognised brand and the solid financial position of a strong balance sheet and positive cash flows to continue to grow the business both organically and through acquisition, thereby generating capital and income returns for shareholders.

This growth strategy is built on the following key pillars, and is continuously underpinned by a firm focus on our customer and exceptional service:



DELIVERING OUR CLEAR GROWTH STRATEGY continued

	Continue to improve the performance of the core store estate	Expand the branch estate in the UK	Grow Ramsdens' online presence and improve performance	Capitalise on the opportunity of operating in a challenging market
STRATEGIC PILLAR	<p>The Group is focused on increasing revenues generated by its existing stores. This will improve the Group's return on capital employed.</p> <p>Key drivers to achieving this include the cross selling of services to the Group's existing customer base and the introduction of new products.</p>	<p>We continue to see significant opportunities for growth given the Group's current geographic penetration.</p> <p>Our strategy is to increase the number of stores by approximately 12 per annum over the medium term.</p>	<p>The Group recently launched a retail website for jewellery and refocused its informational website to do more foreign currency exchange.</p> <p>The Board believes there is a clear opportunity for Ramsdens to drive multi-channel growth.</p>	<p>Following the fall in the gold price in 2013 and significant regulatory changes imposed on pay day lenders, many large competitors have reduced their store estate in the last two years a trend we believe will continue through 2017.</p> <p>As a result, this will present further opportunities for the Group to attract new customers and increase the income generated from existing stores.</p>
DEVELOPMENTS IN FY17	<p>During 2016 the Group introduced international bank to bank payments.</p> <p>During the financial year, the Group closed one store and relocated one store</p>	<p>During the year, the Group acquired four stores from a competitor.</p>	<p>In September 2016 the Group launched www.ramsdensjewellery.co.uk, a new transactional website focused on jewellery retail.</p>	<p>During the year, the Group acquired four stores from a competitor</p>
KPIs	<p>Group revenue grew 15% to £34.5m driven by growth across business segments</p> <p>Group Gross profit increased 12% to £24.3m</p>	<p>Excluding franchised stores, the Group operated from 124 stores at the year end (FY16: 121)</p>	<p>E-commerce revenue grew by 162%</p> <p>Click and Collect currency exchanged grew by 31%</p>	<p>Registered customers using Ramsdens was over 730,000 comprising more than 600,000 Foreign Exchange customers, 33,000 Pawnbroking customers and 70,000 Precious Metals customers</p>

THE RAMSDENS BRAND

The Group's investment in sports sponsorship and TV advertising has contributed to developing a well-established high street brand that has created the platform for an increasingly diversified and growing product offering. In particular, the Group has used TV advertising to promote Ramsdens' gold buying service and foreign exchange services and this continued in FY17. The high repeat customer base for foreign currency exchange and pawnbroking loans demonstrates the trust customers have in Ramsdens to provide a great price for their foreign currency and to look after their jewellery whilst in pledge.

Throughout FY17 Ramsdens continued as the main shirt sponsor of Middlesbrough Football Club. During the year Middlesbrough FC enjoyed promotion to the Premier League from the Football League Championship and, in doing so, made Ramsdens one of only four UK-based Premier League sponsors during the 2016-17 football season. Whilst Middlesbrough's time in the Premier League was, regrettably, short-lived, the Group continues to benefit from the local and national exposure of the brand that the sponsorship has provided since 2010. Ramsdens will continue to sponsor the club for the 2017-18 season.

OUR PEOPLE

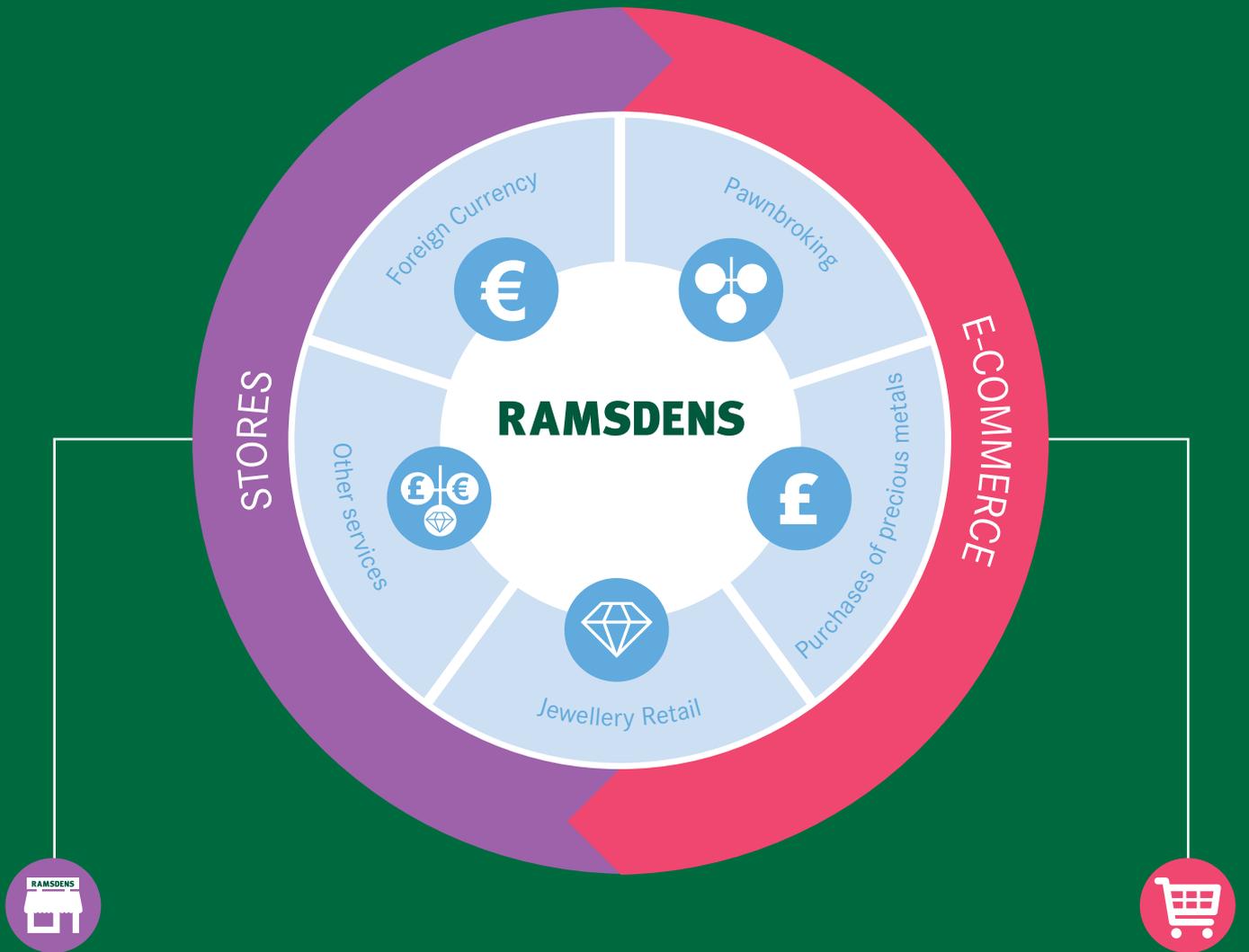
Central to the delivery of our growth strategy are the efforts of our skilled and committed team throughout the business. The Group's flotation on AIM enables Ramsdens to better reward the key people who will lead the Group's growth in the coming years through a share-based Long Term Incentive Plan.

Ramsdens' ethos is to train and empower its people to think of their store as their own business, enabling them to be local decision makers within the parameters set by the Group that are supported by our well-invested IT systems and comprehensive training. This empowerment helps Ramsdens' people to better engage with, and be part of, their local community, which is a key contributor to the Group's strong customer relationships, high repeat business and growing customer base.

The first pillar of our growth strategy is to continue to do things better in our existing stores. This is only possible because of the skill and commitment of the people we employ and their efforts. I would therefore like to take this opportunity to thank each of my colleagues across the business for their contribution, dedication and effort during this transformational year.

OUR DIVERSIFIED BUSINESS MODEL: SALES CHANNELS

The Group has a loyal and growing customer base with more than 730,000 customers served in our last financial year.



The Group has a diverse portfolio of 127 stores (including three franchised outlets). Ramsdens' stores are maintained to a high standard with a regular programme of maintenance and modernisation and the Group's strategy is to concentrate new stores and store relocations in primary high street sites and shopping centres with higher customer footfall.

The Group continued to develop its store estate during FY17 and, during the financial year, closed one store, relocated one store and, in December 2016, acquired four stores from a competitor. The Group continues to see an opportunity to expand the store estate with, as previously indicated, approximately 12 store openings planned during the forthcoming year.

The Group's primary trading website is www.ramsdensforcash.co.uk which focuses on foreign exchange services and allows customers to buy pre-paid travel cards or exchange currency. These can be delivered to customers by post or collected at a Ramsdens branch.

The Group's second e-commerce site, www.ramsdensjewellery.co.uk, was launched in September 2016 and is focused on selling new and second hand jewellery. Both sites are fully responsive on mobile and tablet devices.

OUR DIVERSIFIED BUSINESS MODEL: PRODUCT OFFERING

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



Foreign Currency

The foreign currency exchange segment primarily comprises of the sale and purchase of foreign currency notes to holiday makers. Ramsdens also offers prepaid travel cards and, as of September 2016, international bank to bank payments.

Ramsdens served over 600,000 customers for foreign currency exchange during FY17 and continues to enjoy a high rate of repeat customers. We estimate that we have a 10-12% market share in foreign exchange in the towns where we operate with the opportunity to continue to grow this share.

The foreign currency exchange service is the largest segment of the business in recent years and continued its impressive growth in FY17 with currency exchanged up 8% year on year to £408m. Gross profit (commission net of delivery costs and exchange rate movements) was £9.0m, up from £7.6m in the prior year representing growth of 18%. This represents 37% of Group gross profit in the year (FY16: 35%). This strong growth is a reflection of increasing awareness of the Ramsdens brand as a highly competitive and trusted provider of foreign currency exchange services.

Gross profit increased 18% year on year to **£9.0m**



Pawnbroking

Pawnbroking is a small subset of the consumer credit market in the UK and a simple form of asset backed lending where an item of value, known as a pledge, (in Ramsdens' case jewellery and watches), is given to the pawnbroker in exchange for a cash 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 borrowed plus interest and fees. Pawnbroking is regulated by the FCA in the UK and Ramsdens is fully FCA authorised.

Pawnbroking income has provided recurring and stable revenues for the Group in recent years.

Over 33,000 customers used our pawnbroking service during the financial year and the pawnbroking loan book increased from £5.7m to £6.0m, a year on year increase of 5%. Interest income, which includes the ultimate realisation of jewellery sold or scrapped from forfeited pledges, was 7% higher at £6.1m (FY16: £5.7m) and represented a yield of 105% on the average pledge book during the year. Pawnbroking represented 25% of Group gross profit in FY17 (FY16: 27%).

Pawnbroking loan book increased 5% year on year to **£6.0m**



Purchases of precious metals

Through its precious metals buying and selling service, Ramsdens buys unwanted jewellery, gold and other precious metals from customers for cash. 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 licenses 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 sold to a bullion dealer for their intrinsic value and the proceeds are reflected in the accounts as precious metals buying income.

During FY17, revenue from this segment increased by 17% year on year to £10.8m (FY16: £9.3m) and contributed £4.3m to Group gross profit (FY16: £3.8m), representing 18% of Group gross profit (FY16: 18%). The weight of gold purchased from customers was up by 3% with the higher gold price contributing to the segment's strong performance.

During FY17 revenue increased 17% year on year to **£10.8m**



Jewellery Retail

Ramsdens offers a value for money proposition in new and second hand jewellery and the Board believes there is significant growth potential for Ramsdens in this segment by leveraging its retail store estate, its e-commerce operations as well as by cross-selling to customers of other services.

During FY17, revenue from this segment increased by 23% year on year to £5.9m (FY16: £4.8m) and contributed £3.3m to Group gross profit (FY16: £2.9m), representing 14% of Group gross profit (FY16: 14%). The jewellery gross profit margin decreased from 62% to 56%. This was primarily a result of a concerted and successful effort to discount older slow moving stock.

Jewellery Retail Revenue increased 23% year on year to **£5.9m**



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, Franchise Fees and Credit Broking.

Revenue from these services in FY17 was £2.7m (FY16: £2.6m) resulting in £1.5m (FY16: £1.5m) of gross profit. This represented 6% of the Group's total gross profit (FY16: 7%).

Revenue from these services in FY17 was **£2.7m** resulting in £1.5m of gross profit

This represented **6%** of the Group's total gross profit



LOOKING AHEAD

We have a strong brand, a loyal and growing customer base, a committed and enterprising team of employees, and a well invested store and IT infrastructure. These qualities and framework along with the significant opportunities that exist for expansion, give me the confidence for the future to deliver on our strategic objective to grow Ramsdens.

Peter Kenyon
Chief Executive Officer

HIGHLANDS

Aberdeen
Elgin
Fraserburgh
Inverness
Peterhead

CENTRAL SCOTLAND

Airdrie
Bellshill
Carlisle
Coatbridge
Cumbernauld
Dumfries
East Kilbride
Hamilton
Kirkintilloch
Motherwell
Rutherglen
Springburn
Wishaw

WEST SCOTLAND

Argyle Street - Glasgow
Ayr
Clydebank
Dumbarton
Greenock
Irvine
Kilmarnock
Paisley
Partick
Queens Park - Glasgow
Saltcoats
The Forge - Glasgow

EAST SCOTLAND

Arbroath
Bathgate
Dalkeith
Dalry Road - Edinburgh
Duke Street - Edinburgh
Dundee
Dunfermline
Falkirk
Glenrothes
Grangemouth
Kirkcaldy
Livingston
Musselburgh
Perth
Stirling

NORTH

Ashington
Benwell
Berwick
Blyth
Byker
Cramlington
Gateshead
Jarrow
Killingworth
King Street - South Shields
Newcastle
North Shields
The Nook - South Shields
Wallsend
Whitley Bay

NORTH EAST CENTRAL

Billingham
Bishop Auckland
Bridges - Sunderland
Chester le Street
Chester Road - Sunderland
Consett
Darlington
Durham
Hartlepool
Newton Aycliffe
Peterlee
Southwick
Stockton
Thornaby
Washington

NORTH & WEST YORKSHIRE

Acklam
Bradford
Coulby Newham
Eston
Gilkes Street - Middlesbrough
Halifax
Hill Street - Middlesbrough
Huddersfield
Keighley
Kirkgate
Linthorpe
Morley
Redcar
York

SOUTH & EAST YORKSHIRE

Barrow
Bridlington
Chesterfield
Doncaster
Goole
Grimsby
Hessle Road - Hull
Hillsborough
Holderness Road - Hull
Lancaster
Lincoln
Rotherham
Scarborough
Scunthorpe
The Moor - Sheffield

FRANCHISE STORES

Bury
Whitby
Harehills - Leeds

WEST WALES

Aberdare
Bridgend
Carmarthen
Ebbw Vale
Haverfordwest
Llanelli
Merthyr
Morrison
Neath
Port Talbot
Swansea

EAST WALES

Albany Road - Cardiff
Barry
Blackwood
Caerphilly
Cowbridge Road - Cardiff
Cwmbran
Llanrumney
Newport
Pontypridd



RAMSDENS

Ramsdens Holdings PLC was admitted to AIM on 15 February 2017 (the 'IPO'). To provide a meaningful comparison to the prior financial year and for future reporting periods, the Financial Review reports on the adjusted results excluding expenses which consist of IPO related costs.

PROFIT BEFORE TAX

The underlying adjusted profit before tax excluding exceptional items relating to IPO costs for 2017 was £4.0m an increase of 73% on the prior year results of £2.3m.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION ('EBITDA')

The adjusted EBITDA increased by 27% to £6.0m from £4.7m in the prior year.



FINANCIAL RESULTS

A number of nonrecurring costs related to the IPO were incurred during the year and have been treated as exceptional expenses in the financial statements. To provide a meaningful year on year comparison for historical and future periods, exceptional expenses in the year of £1.1m have been excluded from the adjusted results. The financial results are tabled below:

£000's	FY17	FY16
Revenue	£34,516	£29,978
Gross profit	£24,288	£21,615
Administration expenses	(£19,735)	(£18,425)
Underlying operating profit	£4,553	£3,190
Net finance costs	(£614)	(£938)
Gain on fair value of derivative financial liability	£107	£84
Underlying profit before tax	£4,046	£2,336
Exceptional items	(£1,110)	-
Statutory profit before tax	£2,936	£2,336
Underlying operating profit	£4,553	£3,190
Depreciation and amortization	£1,450	£1,542
Share based payments	£7	-
Underlying EBITDA	£6,010	£4,733
Exceptional items	(£1,110)	-
Statutory EBITDA	£4,900	£4,733

REVENUE

Group revenue increased by 15% to £34.5m (FY16: £30.0m). Revenue increased across all business segments as shown in the table below:

£000's	FY17	FY16	% change
Foreign currency margin	£8,971	£7,586	18.3
Pawnbroking interest	£6,128	£5,731	7
Jewellery sales	£5,909	£4,807	22.9
Precious metals buying	£10,839	£9,257	17.1
Income from other financial services	£2,669	£2,597	2.8
Total	£34,516	£29,978	

As the above table shows we delivered significant double digit revenue growth in three of the five reporting segments as a result of continuing to improve our product offering and customer service across the business.

GROSS PROFIT

With the exception of profit from Other Financial Services, which has remained broadly flat, the Group's business segments demonstrated good growth in profitability against the previous year, as shown in the table below:

£000's	FY17	FY16	% change
Foreign currency margin	£8,971	£7,586	18.3
Pawnbroking interest	£6,128	£5,731	7
Jewellery sales	£3,321	£2,957	12.3
Precious metals buying	£4,336	£3,801	14.1
Income from other financial services	£1,532	£1,540	(0.5)
Total	£24,288	£21,615	

EXPENSES

The Group's costs and administrative expenses increased by 7% to £19.7m from £18.4m in the previous year. This increase includes investment in staff and the additional costs in relation to Ramsdens' sponsorship of Middlesbrough Football Club during the club's time in the Premier League last season.

TAXATION

The apparent disproportionate charge to tax in the current year is due to the impact of the IPO costs which are non-deductible costs for corporation tax purposes.

EARNINGS PER SHARE AND DIVIDEND

The statutory basic and diluted EPS for the year were 7.8p and 7.6p respectively, up from 6.8p for both basic and fully diluted EPS in the previous year.

To aid future comparisons, the adjusted profit after tax and the year end closing number of shares give EPS of 10.1p up from FY16 6.8p.

CASH FLOW AND CASH POSITION

The new money raised in the IPO of £5.0m was used to repay the Group's loan notes of £4.0m and to substantially finance the IPO costs of £1.1m.

The overall increase in cash and cash equivalents was £0.9m, bringing total cash and cash equivalents to £11.9m (FY16 £11.0m). This is after:

- 1) growing trade and other receivables by £0.7m, principally the Pawnbroking loan book; and
- 2) increasing the inventory level by £2.0m.

FINANCIAL REVIEW continued

£2.9m of the Group's £5.0m revolving credit facility from Yorkshire Bank was repaid during the year and £2.5m (£2.3m net of borrowing costs) was drawn from the new three year £7.0m revolving credit facility from Yorkshire Bank by the year end.

The Group's strong cash position together with an additional £4.5m being available to draw down from the revolving credit facility, provides the Company with substantial funds to deliver its strategy.

INVENTORY

Inventory comprises jewellery stock for resale and precious metals in the course of realisation through scrapping. Inventory at year end increased from £3.3m to £5.3m. The increase is attributable to offering more jewellery for sale in the existing store network and stock being accumulated for the new store opening program.

CAPITAL EXPENDITURE

During the financial year the Group acquired a small loan book from a competitor and paid a small premium of £21,000 to acquire the attendant customer relationships associated with the trading assets. In terms of fixed and intangible assets, the Group invested £471,000 in leasehold improvements, IT equipment, website and fixtures and fittings.



Martin Clyburn
Chief Financial Officer
6 June 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The Corporate Governance Report includes an overview of the Company's approach to risk management and internal control systems and processes. Set out below are the principal risks and uncertainties that the Company faces and the activities designed to mitigate these risks. The Board recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and therefore the list is not intended to be exhaustive.

Risk and Impact

Economic Risk

The Group faces potential risks associated with the proposed exit by the UK from its membership of the European Union, and the potential uncertainty preceding that exit. The UK exiting the European Union could materially change both the fiscal and legal framework in which the Group operates, and it could have a material impact on the UK's economy and its future economic growth. In addition, prolonged uncertainty regarding aspects of the UK economy due to the uncertainty around the proposed exit could damage customers' and investors' confidence.

Regulatory

The Group must be FCA authorised to offer its pawnbroking and credit broking services. In addition, regulation could change and is changing with the 4th and 5th Money Laundering Regulations and the General Data Protection Regulations.

Loss arising from a breach of existing FCA regulations or changes in the markets within which the group operates.

Exchange Rate Risk

Whilst the Group trades exclusively in the UK, the foreign exchange cash held in store is exposed to the risks of currency fluctuations.

There is the daily risk of buying today, receiving the currency the next day, and subsequently selling it and being susceptible to movements in the exchange rate.

There is a period end risk for the FX stock which remains in the branch tills.

Terrorism and Staycation

A core area of the Group business is foreign currency exchange. Fewer people travelling to Europe, an increase in terrorist activity abroad or a trend towards the "staycation" could reduce the amount of foreign currency required and have a material adverse effect on the commercial and financial performance of the Group.

Gold Price

The Group is sensitive to movements in gold prices and the prices of other precious metals.

A fall in the price of gold and silver and other precious metals may reduce the value of the Group's assets and adversely affect liquidity.

A significant and sustained decline in the price of gold would adversely affect the value of jewellery pledged as collateral by pawnbroking customers and the stock held by the Group. This may also affect volume of jewellery sales and default rates on pawnbroking loans.

Bank Policies

The Group is reliant on its UK banks for banking facilities. Some UK banks have had difficulties with their Anti Money Laundering controls and have consequently stopped providing services to all money service businesses, which covers companies such as Ramsdens.

Any change to the policies or approach of the Group's principal banks or any withdrawal or reduction in the bank facilities available to the Group would have a material adverse impact on the ability of the Group to carry out its business.

Scotland and Independence

The Scottish National Party's policy to continue to seek independence from the UK creates the risk of Scotland adopting the Euro or another currency and having different legislation, policies, regulators and trading arrangements and agreements. Prolonged uncertainty in relation to the position of Scotland within the UK could have a material adverse effect on the Group's business, operations and financial condition.

Mitigating Factors

The Group mitigates this risk by having diversified income streams which are counter cyclical and to a degree recession proof. Where possible the Group has flexible property lease arrangements.

The Group receives legal advice from advisers and through various memberships of trade associations and the Board are always made aware of regulatory changes.

The Group has well developed IT systems, operational controls, comprehensive training and a rigorous compliance monitoring program in order to maintain adherence to legislation.

The Group uses a mix of monthly and weekly derivative financial instruments to hedge against adverse exchange rate movements in its two key currencies, Euros and US dollars.

The UK holiday maker has currently sought to travel to other foreign destinations. Should this change, the Group feels that its strong brand and diversified income streams will enable it to cope with any reduced demand better than its competitors.

The Group forecasts using sensitised gold prices.

The Group has the flexibility to amend its lending and buying parameters at short notice. It also has a greater focus on the retail of jewellery as the disposition route rather than the intrinsic value of the precious metal held as security or purchased.

The Group mitigates this risk by being dual banked, currently Barclays and Yorkshire, and also by having an independent external audit to evidence the Group's industry leading AML policies, procedures and controls.

Scotland adopting the Euro or a new Scottish currency could be an opportunity for the Group. The Group where possible has flexible lease arrangements so that it can keep its store estate under review.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Liquidity and forecasting risk

The operations of the Group are dependent on it having sufficient cash resources and liquidity of assets.

The Group has a strong balance sheet with a healthy cash position supported by a medium term revolving credit finance facility from Clydesdale Bank trading as Yorkshire Bank.

The Group uses a bespoke financial modelling tool to help predict future cash flows to ensure it has sufficient cash resources.

Credit Risk Assessment

Whilst the Group only provides pawnbroking loans secured on customers jewellery and watches it requires an accurate assessment of the value of those assets should the customer default.

The Group has invested in training programs and IT systems to help the customer facing store staff to accurately value customer assets should loans not be repaid. The store staff are supported by experienced and skilled Area Managers and product experts.

Reputational Risk

The Group's financial performance is influenced by the image, perception and recognition of the Ramsdens brand, which in turn depends on many factors such as its store estate, communication activities including marketing, public relations, sponsorship, commercial partnerships and maintenance of its corporate and market profile and its trusted brand reputation. The Group is also well aware that customer recommendations are critical to growing the business and that poor service will be detrimental to that objective.

The Group invests heavily in its staff development and monitoring customer service through customer surveys, mystery shops using video and internal audits.

IT Security

The Group is reliant on the stability of its IT system including recording, tracking and processing transactions and inventory, summarising results and managing its business. All aspects of the operations of the business, both customer facing as well as internal management, regulation and control is reliant on the IT and software systems of the Group.

The Group has a comprehensive business continuity plan to minimize the impact to the business should the IT systems fail. The Group undertakes annual penetration testing to test the infrastructure and data security.

Malicious attacks, data breaches or viruses, could lead to business interruption and reputational damage.

The internal IT team assesses daily any vulnerability to potential cyber threats and uses anti-virus software to protect the systems integrity.

The Group has cyber insurance appropriate to its risk profile.

Internal financial crime

The Group is at risk to internal financial crime which includes fraud, misconduct, improper practice or theft by any of the Group's employees including loss through theft of cash, jewellery and other assets or data theft. This could expose the Group to financial losses as a result of the reimbursement of customers or other business partners, or due to fines or other regulatory sanctions, which could also significantly damage the Group's reputation

The Group mitigates this risk by having a robust IT system, an independent internal audit department which randomly audits branches and head office departments at least twice per annum and an active centralised compliance and risk function looking for abnormal patterns in transactions.

External crime

The Group is at risk of asset loss from external sources including break-in and theft. Such actions could expose the Group to financial loss resulting from the need to reimburse customers or other business partners or as a result of fines or other regulatory sanctions, and may significantly damage the Group's reputation.

The Group has high levels of physical security and sophisticated alarm systems for its stores and head office. The Group retains all customer data behind 2 firewalls and utilises data encryption.

The Group maintains business insurance for material losses.

External financial crime

The Group is at risk from various forms of criminal activity including, theft, money laundering, hacking, cyber crime, fraud and dealing in stolen goods. Damage to the Group's reputation as a result of these or other factors could have a material adverse effect on its business, operations, financial condition or growth prospects.

The Group mitigates risk by having policies and processes to identify and stop attempts to involve Ramsdens with financial crime activity.

The policies and processes are audited for compliance at least twice per annum by the independent internal audit function of the business supported by the centralised compliance and risk team who review transactions outside normal trading parameters.

Competitor Activity

Ramsdens operates in a competitive environment and has a number of competitors for each of its business segments. Ramsdens competes with companies which may have greater financial resources and negotiation power with suppliers and landlords than it does. The business of the Group could be affected by the loss of market share due to competition.

The direct competition for pawnbroking and associated services has reduced over the last 12 months as competitors have been affected by a need to change their business models as a result of interest rate caps being introduced into the pay day loan sector (a product which Ramsdens do not offer). The Directors believe that competition levels will fall further over the next year.

The Competition for foreign exchange continues to grow but the Directors believe with a strong brand, great customer service and great value for money rates which are offered due to cross subsidisation of costs, helps it to maintain and grow its market share.

The Group has always prided itself on acting responsibly in all that it does.

PEOPLE

Ramsdens has an ethos of continually trying to improve what it does and how it does it. The pursuit to do things better is only possible because of the hard work, dedication and enthusiasm of the people within the business. The Group is committed to supporting its people and allowing them to develop and grow within the organisation.

HIGHLIGHTS

Two Regional Managers were promoted from within the business

Four of the nine Area Managers were promoted from within the business

Three of the five Internal Auditors were promoted from within the business

Excluding acquired branches which still have the same Branch Managers (13), 70 (63%) Branch Managers were promoted from within the business

This has only been possible because of the staff development culture that already exists within the business. All new staff attend a week long, classroom based training before being mentored in branch. Line managers teach employees technical skills and deliver behavioural training and further employee development is acquired through a comprehensive e-Learning facility and regular area meetings.

All staff benefited from their birthday being an additional day's holiday in our last financial year and will do so again in the current financial year.

A centrally issued weekly newsletter supplemented by area communications keeps staff informed on Company matters.

The Company staff suggestion scheme is well supported as our people contribute to how we can improve processes and products – all part of the continuous improvement culture within the business.

The Group undertook its first comprehensive staff engagement survey late in 2016. Whilst overall the findings were positive from the employees, there were areas where the Directors felt the Company could further improve. The Directors aim to deliver on this as the business progresses.

The Group has undertaken an Energy Savings Opportunities Scheme audit (ESOS) which looked at energy consumption in our branches, head office and transport. The Group is part way through an initiative to install LED lighting across the property estate.

The Group also provides sealable clear plastic bags for the foreign currency notes which are the exact size to meet the airline requirements for carrying liquids on board in hand luggage.

The Group expects its turnover to be greater than £36.0m in the forthcoming year and as a consequence the Modern Slavery Act will apply to it. The Group is currently engaging with its suppliers to seek reassurance that there is no modern slavery within the Group's supply chain.

The Company has assisted various charities during the financial year. The biggest event was facilitating a Christmas afternoon tea at Middlesbrough Football Club's stadium where attendees met the players and could enjoy an afternoon of chatting to their footballing heroes, and getting photographs and autographs. The event raised over £8,800 for Teesside Hospice, Butterwick Hospice, MFC Foundation, Finlay Cooper Foundation, RNLI, Zoe's Place and Great North Air Ambulance. The Company directly supports many other small local charities through donations and raffle prizes as well as promoting all staff fund raising initiatives. The Company also supported the MacMillan coffee morning, Save the Children Christmas Jumper appeal and donated to raise funds for NSPCC during the year.

The strategic report, as set out on pages 3-17, has been approved by the board.

By order of the Board



Peter Kenyon
Chief Executive Officer
6 June 2017



CORPORATE GOVERNANCE



**Serving all your
travel money needs**

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS



Peter Edward Kenyon (52)
Chief Executive Officer

Peter joined Ramsdens in November 2001 as Operations Director and was appointed Chief Executive Officer in January 2008. Peter led the MBO in 2014 and has been responsible for over 25 acquisitions for the Group. He is responsible for overseeing all operations of the business and for deciding the Group's strategy. Prior to joining Ramsdens, Peter's early career was with Yorkshire Bank for 17 years. He is a Council Member of the National Pawnbrokers Association and became a director of the Company at the time of the MBO in September 2014.



Martin Anthony Clyburn (35)
Chief Finance Officer

Martin joined Ramsdens in 2009 and is a Chartered Accountant having previously qualified with respected North East firm, Keith Robinson & Co. Martin joined the board of the Company as Chief Financial Officer in August 2016. Martin is responsible for the finance function within the Group and also works closely with the IT team ensuring the IT and accounting systems are fully integrated. Martin lectured part time at the University of Teesside from 2006 – 2012. Martin holds a degree in MORSE from Warwick University.

NON-EXECUTIVE DIRECTORS



Andrew David Meehan (62)
Non-Executive Chairman

Andy is a highly experienced retail executive with over 30 years' experience including CEO and CFO in roles at the Co-Operative Retail Services, Storehouse plc and Sears plc. For the last 10 years he has held a number of chairmanships and non-executive positions in several retail and consumer product businesses including Fortnum and Mason, GHD Group and American Golf. Andy is a Chartered Accountant and holds a degree in Politics and Economics from Oxford University and has been Chairman of the Company since September 2014.



Simon Edward Herrick (53)
Non-Executive Director

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



Stephen John Smith (59)
Non-Executive Director

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

Chairman's Introduction

In this section of our report, we set out our Corporate Governance Framework. This is our first statement since admission to AIM on 15 February 2017.

The Directors recognise the importance of sound corporate governance and confirm that they intend to comply with the QCA guidelines (as devised by the QCA in consultation with a number of significant institutional small company investors). Although the UK Corporate Governance Code is not compulsory for AIM listed companies, the Company is committed to high standards of corporate governance. This section of our report describes how the company applies the principles of good corporate governance in the best interests of all stakeholders in the business.

Andrew Meehan

Non-Executive Chairman

The Composition of the Board

The Board comprises of five directors, two Executive directors and three Non-Executive directors, reflecting a blend of different experience and backgrounds. All of Non-Executive Directors are considered independent.

How the Board operates

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

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

Board Meetings

The Board has met four times since admission to AIM. For all board meetings, an agenda is established and papers circulated in advance so that all Directors can give due consideration to the matters in hand.

As a minimum the Board will meet 10 times per annum and the matters discussed include;

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

The Board will at least annually consider the Group's strategic plan and annual budget.

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

	Board	Audit	Remuneration	Nomination
Andrew Meehan	4/4	1/1	1/1	0/0
Simon Herrick	4/4	1/1	1/1	0/0
Stephen Smith	4/4	1/1	1/1	0/0
Peter Kenyon	4/4			
Martin Clyburn	4/4			

Board decisions and activity during the year

The board has a schedule of regular business, financial and operational matters and each Board Committee has compiled a schedule of work to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year. The Chairman, aided by the Company Secretary, is responsible for ensuring the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers which are circulated to the Directors prior to the meetings. The Company Secretary also ensures that any feedback or suggestions for improvement on Board papers is fed back to management and ensures input is gathered from all Board members on matters that should be included for consideration at meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

In addition to the board meetings there is regular communication between Executive and Non-Executive Directors, including where appropriate updates on matters requiring attention prior to the next scheduled board meeting. It is intended that the Non-Executive Directors will meet as appropriate, but not less than annually, without the Executive Directors being present.

Board Committees

The Board has delegated specific responsibilities to the Audit and Risk, Remuneration and Nomination Committees. Each Committee has terms of reference setting out its duties, authority and reporting responsibilities. The terms of reference of each Committee were put in place at the time of the Company's admission to AIM and it is intended they will be kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. Each committee comprises the Non-Executive Directors.

Board effectiveness

The skills and experience of the Board are set out in their biographical details on page 20. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and scrutinise performance.

Steve and Simon joined the Board in January 2017 and took part in an induction process prior to joining the Board, during which they undertook store visits, met with key employees and advisers and received presentations from the Executive Directors on strategy and finance. It is intended that, in the future, on joining the Board, new directors will undergo a formal programme which will be tailored to the existing knowledge and experience of the director concerned.

Time Commitments

All Directors have been advised of the time required to fulfil the role prior to appointment and were asked to confirm that they could make the required commitment before they were appointed. This requirement is included in their letter of appointment.

CORPORATE GOVERNANCE continued

Development

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

External Appointments

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations provided the time commitment does not conflict with the Director's duties to the Company. The appointment to such position is subject to the Board's approval. The Board has authorised Peter Kenyon to be a director of the National Pawnbrokers Association, the trade body for pawnbroking.

Conflicts of Interest

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

Directors' and Officers' Liability Insurance

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

Election of Directors

Under the Company's articles of association at every Annual General Meeting at least one third of the directors who are subject to retirement by rotation are required to retire and may be proposed for re-election. In addition, any director who was appointed since the previous AGM automatically retires at their first AGM and, if eligible, can seek re-appointment.

However the Board recognises the UK Corporate Governance Code's recommendation that all directors should stand for re-election each year and, whilst not a requirement, the Board has decided to adopt this recommendation as best practice. As such, all Directors will offer themselves for election at each AGM.

Risk Management and Internal Controls

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

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

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

Relations with Shareholders

The Group intends to maintain communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results. Private shareholders are encouraged to attend the AGM at which the Group's activities are considered and questions answered. General information about the Group is available on the Group's website; www.ramsdensplc.com. The Non-Executive Directors are available to discuss any matters stakeholders might wish to raise, and the Chairman and Non-Executive Directors will attend meetings with investors and analysts as required. Investor relations activity and a review of the share register are standing items on the board agenda.

Annual General Meeting (AGM)

The Company's AGM will take place on 19 July 2017. The Annual Report and Accounts and Notice of the AGM will be sent to shareholders at least 20 working days prior to this date.

ON BEHALF OF THE BOARD, I AM PLEASED TO PRESENT THE AUDIT AND RISK COMMITTEE REPORT FOR THE YEAR TO 31 MARCH 2017.

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

Members of the Audit and Risk Committee

The Committee consists of myself as Chair and my two fellow Non-Executive Directors, Steve Smith and Andy Meehan. The Committee has met once in the period. The Board is satisfied that I, as Chair of the Committee have recent and relevant financial experience. I am a Chartered Accountant and have served as Chief Financial Officer at Debenhams plc and Northern Foods plc. I report to the Board on all issues discussed by the Committee and present the Committee's recommendations. The Committee also meets the external auditors without any Executive Directors or senior management present.

Duties of the Committee

The main duties of the Audit and Risk Committee are set out in its terms of reference. The Committee meets a minimum twice per year.

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

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

Role of the External Auditor

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

Audit process

The auditor prepares an audit plan for the review of the year's financial statements. The audit plan sets out the scope of the audit, areas to be targeted and audit timetable. The plan is reviewed and agreed in advance by the Audit and Risk Committee. Following the audit, the auditor presented its findings to the Audit and Risk Committee for discussion. The Auditors report can be found on pages 32 and 33.

Internal Audit

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

Risk Management and Internal Controls

As described on page 21, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit and Risk Committee is responsible for reviewing the risk management and internal control framework and ensuring it operates effectively. The Committee has reviewed the framework and is satisfied that the internal control systems in place are currently operating effectively.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting and other matters. Whistleblowing is a standing item on the Committee's agenda and updates are provided at each meeting. During the period there were no incidents for consideration.

Anti-Bribery

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

Going Concern

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

Simon Herrick

Chair of the Audit and Risk Committee.

NOMINATION COMMITTEE

ON BEHALF OF THE BOARD I AM PLEASED TO PRESENT THE NOMINATION COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2017.

Members of the Nomination Committee

The Nomination Committee consists of myself and my fellow Non-executive Directors, Simon Herrick and Steve Smith.

Duties of the Nomination Committee

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

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

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

Activity during the year

The Committee has not met since the Company's admission to AIM but it intends to do so before the end of the current financial year ending March 2018 when it will agree a schedule of work for the year which will include long-term succession planning at the senior management level. It will also review its terms of reference and consider the management framework and governance structure currently in place.

Andrew Meehan

Chair of the Nominations Committee

REMUNERATION COMMITTEE

ON BEHALF OF THE BOARD I AM PLEASED TO PRESENT THE DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDING 31 MARCH 2017 WHICH SETS OUT THE REMUNERATION POLICY AND THE REMUNERATION AND BENEFITS PAID TO THE DIRECTORS FOR THE YEAR.

Although as an AIM listed company the Company is not subject to the reporting regulations of fully listed companies in the UK, the Remuneration Committee has taken account of these regulations in the preparation of the Directors' Remuneration Report.

Composition and Role

The Remuneration Committee consists of myself and my fellow Non-Executive Directors, Andy Meehan and Steve Smith. The Committee operates under the Group's agreed terms of reference and is responsible for reviewing all senior executive appointments and determining the Group's policy in respect of terms of employment including remuneration packages of Executive Directors. The Remuneration Committee has met once since being admitted to AIM and will meet at least twice in any financial year.

None of the Committee has any personal financial interests, other than as shareholders in matters directly decided by the Committee nor are there any conflicts of interest arising from cross directorships or day to day involvement in the running of the business.

Remuneration Policy

In anticipation of admission to AIM, the Group undertook a review of its remuneration policy for Directors to ensure that it is appropriate for a listed company. Our policy on executive remuneration is designed to:

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

Executive Directors' Service Contracts

The Executive Directors signed new service contracts with the Company on admission to AIM. These are not of fixed duration and terminable by either party giving 12 months written notice.

Non-Executive Directors

The Non-Executive Directors signed letters of appointment with the Company on admission to AIM for the provision of Non-Executive directors' services, which may be terminable on giving three months written notice. The Non-Executive Directors' remuneration is determined by the Board.

Directors' Remuneration

The following table summarises the total gross remuneration of the Directors who served during the year to 31 March 2017.

	FY17				FY16
	Basic salary	Bonus	Pension	Total	Total
Executive					
Peter Kenyon	£144,167	£50,000	£12,916	£207,083	£180,574
Martin Clyburn***	£49,167	£17,500	£1,666	£68,333	
Michael Johnson*	£84,167		£5,510	£89,677	£123,620
Kevin Brown*	£50,000		£42,424	£92,424	£119,395
Non Executive					
Andrew Meehan	£31,545			£31,545	£13,000
Simon Herrick**	£10,500			£10,500	
Stephen Smith**	£8,750			£8,750	
Aggregate remuneration	£378,295	£67,500	£62,517	£508,312	£436,589

Andy Ball and Tom Rowley received no remuneration in their role as Non-Executive Directors for neither FY16 and FY17.

*Mike Johnson and Kevin Brown resigned as directors of the Company prior to admission to AIM and the above relates to their period as directors of the Company.

**Simon Herrick and Steve Smith were appointed with effect from 2 January 2017.

***Martin Clyburn's remuneration above relates only to the period after which he became a director of the Company.

REMUNERATION COMMITTEE continued

The Remuneration Policy for FY18 will operate as follows:

	Basic salary	Bonus	Pension
Executive			
Peter Kenyon	£175,000	Up to 100%	10% of salary
Martin Clyburn*	£100,000	Up to 100%	10% of salary
Non Executive			
Andrew Meehan	£57,500		
Simon Herrick	£42,000		
Stephen Smith	£35,000		

*Subject to performance, Martin Clyburn's base salary will be increased to £120,000 from 1 August 2017.

The bonus opportunities for FY18 will be assessed against the Group's profit and against personal performance objectives. The bonus percentage will adjust from zero to a maximum of 100% set against challenging performance targets.

Long Term Incentive Plan

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

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

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

The award is an option over a number of shares with an exercise price equivalent to their nominal value.

The following Directors and employees have been granted the following awards under the LTIP.

	Number of shares awarded under the LTIP scheme
Peter Kenyon	250,000
Martin Clyburn	138,889
Micheal Johnson	138,889
Jason Carr	69,444
Matthew Fothergill	69,444
Michael Wilson	69,444
Mark Smith	69,444

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

	Type of share	Holding at Admission	Acquired since admission	Sold since admission	As at 31 March 2017
Executive					
Peter Kenyon	1p ordinary	1,591,250			1,591,250
Martin Clyburn*	1p ordinary	209,375			209,375
Non Executive					
Andrew Meehan*	1p ordinary	332,320			332,320
Simon Herrick	1p ordinary		19,950		19,950
Stephen Smith*	1p ordinary		31,894		31,894

*held in personal name or in spouse's name.

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

Simon Herrick

Chair of the Remuneration Committee

Please note the remuneration report is not audited by Ernst&Young LLP, please refer to note 9 of the financial statements where the audit information can be found (Page 49).

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors have pleasure in presenting their report and the financial statements of the group for the period ended 31 March 2017.

Principal Activities and Business Review

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

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

Results and Dividends

The results for the year are set out in the consolidated income statement on page 34.

The directors propose a final dividend of 1.3p per share subject to the approval at the Annual General Meeting on 19 July 2017.

Likely Future Development

Our priorities for the following financial year are disclosed in the CEO's Strategic Report on pages 6 and 7.

Substantial Shareholdings

As far as the Directors are aware, the only notifiable holdings equal to or in excess of 3% of the issued ordinary share capital at 31 March 2017 were as shown in the table below.

Name of holder	Number	% of voting rights in the issued share capital
NorthEdge Capital	9,262,700	30.69
City Financial	3,220,930	10.44
Premier Fund Mgt.	2,662,791	8.63
Artemis Investment Mgt.	2,197,674	7.13
AXA Investment Mgrs.	1,732,558	5.62
Mr Peter Kenyon (CEO)	1,591,250	5.16
Hargreave Hale	1,525,833	4.95
Otus Capital Mgt.	1,431,721	4.64

Directors and their Interest

The directors who served throughout the year except where otherwise stated and in place at the date of this report are as follows;

Executive

Martin Clyburn –appointed 04/08/2016

Peter Kenyon

Kevin Brown – resigned 01/02/2017

Michael Johnson – resigned 01/02/2017

Non-Executive

Andrew Meehan

Stephen Smith – appointed 01/01/2017

Simon Herrick – appointed 01/01/2017

Thomas Rowley – resigned 01/02/2017

Andrew Ball – resigned 01/02/2017

Directors' beneficial interests and their remuneration are detailed in the Remuneration Report on pages 25 and 26

Directors' Indemnities

The Directors are entitled to be indemnified by the Company to the extent permitted by law and the Company's articles of association in respect of certain losses arising out of or in connection with the execution of their powers, duties and responsibilities.

The Company also purchased and maintained Directors' and Officers' Liability Insurance throughout the year.

Going Concern

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

Financial Risk Management

Financial risk is managed by the Board on an ongoing basis. The key risks relating to the Group are outlined in more detail in note 14 to the consolidated financial statements.

The Group's principal risks and uncertainties are outlined in the strategic report.

Post Balance Sheet Events

There have been no material post balance sheet events.

Annual General Meeting

The Company's first AGM will be held on 19 July 2017.

Political Donations

No political contributions were made during the year.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017 continued

Disabled Employees

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

Employee Involvement

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

Disclosure Of Information To The Auditor

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

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

AUDITOR

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

Registered office:

Unit 16
Parkway Centre
Coulby Newham
Middlesbrough
TS8 0TJ

Signed by order of the directors



Kevin Brown

Company Secretary

Approved by the directors on 6 June 17

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

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

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



FINANCIAL STATEMENTS



**Access cash against
your valuables**

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

We have audited the financial statements of Ramsdens Holdings PLC for the year ended 31st March 2017 which comprise Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity and the related notes 1 to 25 and notes A to H. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been

consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- based on the work undertaken in the course of the audit
 - the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
 - the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;

**MATTERS ON WHICH WE ARE REQUIRED
TO REPORT BY EXCEPTION**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report

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

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



Mark Hatton (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditors
Newcastle upon Tyne

6 June 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £'000	2016 £'000
Revenue	5	34,516	29,978
Cost of sales		(10,228)	(8,363)
Gross profit	5	24,288	21,615
Administrative expenses		(19,735)	(18,425)
Operating profit before exceptional expenses		4,553	3,190
Exceptional expenses	7	(1,110)	-
Operating profit		3,443	3,190
Finance income		-	25
Finance Costs	6	(614)	(963)
Gain on fair value of derivative financial liability		107	84
Profit before tax		2,936	2,336
Income tax expense	10	(926)	(628)
Profit for the period		2,010	1,708
Other comprehensive income			
Total comprehensive income		2,010	1,708
Earnings per share in pence	8	7.8	6.8
Diluted earnings per share in pence	8	7.6	6.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 £'000	2016 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	4,210	4,889
Intangible assets	12	529	808
Investments	13	-	-
		4,739	5,697
Current Assets			
Inventories	15	5,338	3,336
Trade and other receivables	16	9,362	8,726
Cash and short term deposits	17	11,864	10,947
		26,564	23,009
Total assets		31,303	28,706
Current liabilities			
Trade and other payables	18	3,843	3,938
Interest bearing loans and borrowings	18	2,318	2,908
Accruals and deferred income	18	773	398
Income tax payable	18	305	40
		7,239	7,284
Net current assets		19,325	15,725
Non-current liabilities			
Interest bearing loans and borrowings	19	9	4,017
Accruals and deferred income	19	404	514
Derivative financial liabilities	19	119	226
Deferred tax liabilities	19	137	237
		669	4,994
Total liabilities		7,908	12,278
Net assets		23,395	16,428
Equity			
Issued capital	20	308	247
Share premium	20	4,892	-
Retained earnings		18,195	16,181
Total equity		23,395	16,428

The financial statements of Ramsdens Holdings PLC, registered number 8811656, were approved by the directors and authorised for issue on 6 June 2017 and signed on their behalf by



Martin Clyburn

Chief Financial Officer
6 June 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share Capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 April 2015		247	-	14,473	14,720
Profit for the year		-	-	1,708	1,708
Total comprehensive income		-	-	1,708	1,708
As at 31 March 2016		247	-	16,181	16,428
As at 1 April 2016		247	-	16,181	16,428
Profit for the year		-	-	2,010	2,010
Total comprehensive income		-	-	2,010	2,010
Bonus issue of share capital	20	3	-	(3)	-
Issue of share capital	20	58	4,942	-	5,000
Costs associated with issue of share capital	20	-	(50)	-	(50)
Share option movement	25	-	-	7	7
As at 31 March 2017		308	4,892	18,195	23,395

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £'000	2016 £'000
Operating activities			
Profit before tax		2,936	2,336
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	11	1,047	1,135
Amortisation and impairment of intangible assets	12	320	365
Change in derivative financial instruments		(107)	(83)
Loss on disposal of property, plant and equipment		83	42
Exceptional expenses	7	1,110	-
Share based payments		7	-
Finance income		-	(25)
Finance costs	6	614	963
Exceptional expenses - bonus		(172)	-
Working capital adjustments:			
Movement in trade and other receivables and prepayments		(693)	108
Movement in inventories		(2,002)	(1,189)
Movement in trade and other payables		170	616
		3,313	4,268
Interest received		-	25
Interest paid		(614)	(963)
Income tax paid		(704)	(680)
Net cash flows from operating activities		1,995	2,650
Investing activities			
Proceeds from sale of property, plant and equipment			
Purchase of property, plant and equipment		(451)	(184)
Purchase of intangible assets		(41)	(371)
Net cash flows from investing activities		(492)	(555)
Financing Activities			
Dividends paid	21	-	-
Payment of finance lease liabilities		(8)	(4)
Bank borrowings drawn down		2,310	2,900
Repayment of bank borrowings		(2,900)	-
Repayment of loan notes		(4,000)	(4,860)
Exceptional expenses - IPO		(938)	-
Proceeds of issue of ordinary shares		4,950	-
Net cash flows from/(used in) financing activities		(586)	(1,964)
Net increase in cash and cash equivalents		917	131
Cash and cash equivalents at 1 April		10,947	10,816
Cash and cash equivalents at 31 March		11,864	10,947

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 Centre, Coulby Newham, Middlesbrough, TS8 0TJ. The registered company number is 08811656. A list of the Company's subsidiaries is presented in note 13.

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 Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Disclosure initiative
Annual Improvements to IFRSs: 2012-2014	Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting

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

Standards issued but not yet effective

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

IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above it is not practicable to provide a reasonable estimate of the impact of IFRS 9 and IFRS 15 until a detailed review has been completed.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

Under IFRS 16 significant changes are introduced to lessee accounting, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets).

2. CHANGES IN ACCOUNTING POLICIES continued

Upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any direct costs incurred by the lessee. Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payment payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Subject to EU endorsement, IFRS 16 would apply for annual reporting periods beginning on or after 1 January 2019. The Group is currently assessing the impact of accounting changes that will arise under IFRS 16. The changes are expected to have a material impact on the Consolidated Financial Statements.

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 the balance sheet date 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES continued

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 profit or loss 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% 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.

3. SIGNIFICANT ACCOUNTING POLICIES continued

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 – initial recognition and subsequent measurement

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

Initial recognition and measurement

In accordance with IAS 39, 'Financial Instruments: Recognition and Measurement' the Group has classified its financial assets as 'loans and receivables'. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category applies to trade and other receivables due from customers in the normal course of business and includes pawnbroking receivables which are interest bearing. The accrued interest arising on pawnbroking receivables is included in prepayments and accrued income using the effective rate of interest. All other amounts which are not interest bearing are stated at their recoverable amount, being invoice value less provision for any bad debts.

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 assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears, fall in value of the secured pledges below the value of the outstanding loans or economic conditions that correlate with defaults.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES continued**Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or 'other financial liabilities'. All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at fair value through profit or loss

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 profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

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 profit or loss 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. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets

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 profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES continued

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated 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 financial instruments, such as derivatives, at fair value at each balance sheet date. 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 balance sheet date.

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 each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES continued

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 balance sheet date.

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 company 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

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 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

Revenue is recognised when the entity transfers significant risks and rewards of ownership to the buyer. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

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 principal 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.

3. SIGNIFICANT ACCOUNTING POLICIES continued

Revenue arising from the disposal of unredeemed pledge contracts:

Revenue is recognised on the disposal of unredeemed pledge contracts when additional interest and transaction fee income is earned.

Sale of precious metals and diamonds acquired via over the counter purchases

Gold/Silver – Revenue is recognised at either the prevailing spot price, or in the case of gold, at the fixed amount booked, at the point it is received by the Group's bullion dealer.

Platinum and palladium – Revenue is recognised at the point a confirmed sell instruction is issued to the Group's bullion dealer.

Retail sales

Revenue is recognised at the point the goods are delivered to the customer.

Currency 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.

Other financial income

Other financial income comprises cheque cashing fees, buyback and other miscellaneous revenues. Cheque cashing fees earned are recognised within revenue by reference to the date the transaction takes place. 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 at the delivery of the item to a customer.

Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

3.17 Administrative expenses

Administrative expenses includes 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.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition – pawnbroking loans interest accrual estimation

The group recognises interest on pawnbroking loans as disclosed in note 3.16. The pawnbroking loans interest accrual (pledge accrual) 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 principal 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 based upon either;

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

See note 14 for further details on pawnbroking credit risk and provision values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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.

Trade and other receivables provisioning

Trade and other receivables, with the exception of expired pledges, are stated at their nominal amount less expected impairment losses. For unredeemed pledges, the goods securing the loan are put up for sale as the Group is selling the goods on behalf of the customer to repay the loan. An impairment review of the carrying value for each unredeemed pledge is undertaken and the resultant amount is shown within trade and other receivables at the lower of:

- (i) the original capital loaned together with the accrued primary term interest less the proceeds of any goods sold to date; and
- (ii) the current market value of the remaining goods within the pledge that have yet to be realised

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

	2017 £'000	2016 £'000
Revenue		
Pawnbroking	6,128	5,731
Purchases of precious metals	10,839	9,257
Retail Jewellery sales	5,909	4,807
Foreign currency margin	8,971	7,586
Income from other financial services	2,669	2,597
Total revenue	34,516	29,978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENTAL ANALYSIS continued

	2017 £'000	2016 £'000
Gross profit		
Pawnbroking	6,128	5,731
Purchases of precious metals	4,336	3,801
Retail Jewellery sales	3,321	2,957
Foreign currency margin	8,971	7,586
Income from other financial services	1,532	1,540
Total gross profit	24,288	21,615
Administrative expenses	(19,735)	(18,425)
Exceptional expenses	(1,110)	-
Finance income	-	25
Finance costs	(614)	(963)
Gain/(Loss) on fair value of derivative financial liability	107	84
Profit before tax	2,936	2,336

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

The Group is unable to meaningfully allocate administrative expenses, or financing costs or income between the segments due to the fact that these include staff costs who undertake all services in branches. 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.

	2017 £'000	2016 £'000
Other information		
Capital additions (*)	492	581
Depreciation and amortisation (*)	1,367	1,500
	2017 £'000	2016 £'000
Assets		
Pawnbroking	8,242	7,718
Purchase of precious metals	773	410
Retail Jewellery sales	4,354	2,811
Foreign currency margin	6,096	5,446
Income from other financial services	480	327
Unallocated (*)	11,358	11,994
	31,303	28,706
Liabilities		
Pawnbroking	167	96
Purchase of precious metals	-	1
Retail Jewellery sales	657	655
Foreign currency margin	1,771	1,896
Income from other financial services	190	372
Unallocated (*)	5,123	9,258
	7,908	12,278

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	2017 £'000	2016 £'000
Interest on debts and borrowings	613	962
Finance charges payable under finance leases and hire purchase contracts	1	1
Total finance costs	614	963

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

	2017 £'000	2016 £'000
Depreciation of property, plant and equipment reported within:		
– Administrative expenses	1,047	1,134
Amortisation of intangible assets reported within:		
– Administrative expenses	320	365
Loss on disposal of property, plant and equipment	83	43
Cost of inventories recognised as an expense	10,228	8,363
Staff costs	9,177	8,404
Foreign currency translation (Profit)/losses	(128)	35
Operating lease payments	2,643	2,760
Auditors remuneration	89	58
Exceptional expenses	1,110	–

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.

Exceptional Expenses relates to professional costs incurred in relation to the Ramsdens Holdings PLC listing on AIM together with a bonus paid to those members of staff that were employed at the time of the Group's MBO on the 2 September 2014 in recognition of their hard work and loyalty.

8. EARNINGS PER SHARE

	2017 £'000	2016 £'000
Profit for the year	2,010	1,708
Weighted average number of shares in issue	25,750,444	25,023,700
Earnings per share (pence)	7.8	6.8
Fully Diluted earnings per share (pence)	7.6	6.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments

	2017				2016		
	Emoluments	Pension	Share Option Scheme	Total	Emoluments	Pension	Total
Executive							
Peter Kenyon	194	13	2	209	168	13	181
Martin Clyburn*	67	1	1	69	-	-	-
Michael Johnson**	84	6		90	118	6	124
Kevin Brown**	50	42		92	60	59	119
Non Executive							
Andrew Meehan	32	-		32	13		13
Simon Herrick***	10	-		10			
Stephen Smith***	9	-		9			
Total	446	62	3	511	359	78	437

* Martin Clyburn was appointed to the board in August 2016

** Michael Johnson and Kevin Brown resigned as directors of the Company in February 2017

*** Simon Herrick and Stephen Smith were appointed to the board in January 2017

	2017 £'000	2016 £'000
Included in administrative expenses:		
Wages and salaries	8,436	7,892
Social security costs	565	367
Share option scheme	7	-
Pension costs	169	145
Total employee benefits expense	9,177	8,404

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

	2017 No.	2016 No.
Head Office and management	66	61
Branch Counter staff	486	469
	552	530

10. INCOME TAX

The major components of income tax expense are:

Consolidated statement of comprehensive income

	2017 £'000	2016 £'000
Current income tax:		
Current income tax charge	969	610
Adjustments in respect of current income tax of previous year	57	12
	1,026	622
Deferred tax:		
Relating to origination and reversal of temporary differences	(100)	6
Income tax expense reported in the statement of comprehensive income	926	628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX continued

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

	2017 £'000	2016 £'000
Profit before income tax	2,936	2,336
UK corporation tax rate at 20%	587	467
Expenses not deductible for tax purposes	282	149
Prior period adjustment	57	12
Income tax reported in the consolidated statement of profit or loss	926	628

Deferred tax

Deferred tax relates to the following:

	2017 £'000	2016 £'000
Accelerated depreciation for tax purposes	4	64
Other short-term differences	133	173
Deferred tax liabilities net	137	237

Reconciliation of deferred tax liabilities net

	2017 £'000	2016 £'000
Opening balance as of 1 April	237	175
Deferred tax recognised in profit or loss	(100)	6
Other deferred tax	-	56
Closing balance as at 31 March	137	237

Factors affecting tax charge

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions from 20% to 19% (effective 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2016. This will adjust the Group's future tax charge accordingly.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property £'000	Fixtures & Fitting £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2016	3,618	2,546	399	40	6,603
Additions	156	219	76	-	451
Disposals	(88)	(248)	(83)	-	(419)
At 31 March 2017	3,686	2,517	392	40	6,635
Depreciation					
At 1 April 2016	908	697	104	5	1,714
Depreciation charge for the year	559	394	85	9	1,047
Disposals	(51)	(214)	(71)	-	(336)
At 31 March 2017	1,416	877	118	14	2,425
Net book value					
At 31 March 2017	2,270	1,640	274	26	4,210
At 31 March 2016	2,710	1,849	295	35	4,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT continued

Finance leases

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 31 March 2017 was £19,000 (2016: £26,000). Additions during the year ended 2017 include £Nil (2016: £26,000) of motor vehicles on hire purchase contracts. Assets under hire purchase contracts are pledged as security for the related hire purchase liabilities.

12. INTANGIBLE ASSETS

	Customer relationships £'000	Website £'000	Total £'000
Cost			
At 1 April 2016	1,323	59	1,382
Additions	21	20	41
Disposals	-	-	-
At 31 March 2017	1,344	79	1,423
Amortisation			
At 1 April 2016	570	4	574
Amortisation charge for the year	306	14	320
Disposals	-	-	-
At 31 March 2017	876	18	894
Net book value			
At 31 March 2017	468	61	529
At 31 March 2016	753	55	808

13. 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	Ordinary Shares	100%	Supply of management & strategic services - now dormant
Ramsdens Financial Limited	Ordinary Shares	100%	Supply of foreign exchange services, pawnbroking, purchase of gold jewellery, jewellery retail and related financial services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At 31 March 2017

	Fair value through profit & loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Book Value £'000	Fair Value £'000
Financial assets					
Trade and other receivables	-	8,672	-	8,672	8,672
Cash and cash equivalents	-	11,864	-	11,864	11,864
Financial liabilities					
Trade and other payables	-	-	(4,809)	(4,809)	(4,809)
Borrowings	-	-	(2,327)	(2,327)	(2,327)
Derivative financial liabilities	(119)	-	-	(119)	(119)
Net financial assets/(liabilities)	(119)	20,536	(7,136)	13,281	13,281

At 31 March 2016

	Fair value through profit & loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Book Value £'000	Fair Value £'000
Financial assets					
Trade and other receivables	-	7,968	-	7,968	7,968
Cash and cash equivalents	-	10,947	-	10,947	10,947
Financial liabilities					
Trade and other payables	-	-	(4,661)	(4,661)	(4,661)
Borrowings	-	-	(6,925)	(6,925)	(6,925)
Derivative financial liabilities	(226)	-	-	(226)	(226)
Net financial assets/(liabilities)	(226)	18,915	(11,586)	7,103	7,103

Trade and other receivables shown above comprises trade receivables, other receivables and pledge accrued income as disclosed in note 16.

Trade and other payables comprises of trade payables, other payables and accruals as disclosed in notes 18 & 19.

Borrowings comprises of bank borrowings, obligations under finance leases, loan notes and other loans as disclosed in notes 18 & 19.

Loans and receivables are non-derivatives 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. This valuation falls within level 2 of the fair value hierarchy in IAS39.

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

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

Financial Risks

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

Credit risk

Pawnbroking trade receivables

The Group is exposed to credit risk through customers defaulting on their loans. The key 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 trade receivables in the loan book 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. In addition a further provision is made in respect of those expired pledges that are in the course of realisation by reviewing the carry value of each pledge against the expected realisation proceeds and writing the pledge down to its recoverable amount.

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.

The pawnbroking accrued income is disclosed net of the provision for bad and doubtful debts associated with these financial assets. The movement on these provisions is as follows:

	Pawnbroking Trade Receivables £'000	Pawnbroking Trade receivables in the course of realisation £'000
At 1 April 2015	351	141
Statement of comprehensive income credit	(50)	(29)
At 31 March 2016	301	112
Statement of comprehensive income credit	(9)	(46)
Balance at 31 March 2017	292	66
Bad Debts written off during the year net of recoveries were:		
	2017 £'000	2016 £'000
Pawnbroking Trade Receivables	12	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

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

	2017 £'000	2016 £'000
Within contractual term	5,402	5,020
Past due	572	688
	5,974	5,708

The Group has not provided for the contractually overdue receivables (i.e. loans where the pawnbroking agreement has terminated but the customer has not redeemed the assets) at the reporting date since the realisable value of the security held is greater than the carrying value of the capital element of the pledge loan as disclosed above. The Group does not start the disposition process of the unredeemed pledges until at least one month after the due repayment date since it is commercial practice to allow additional time for the customers to redeem their pledges.

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 trade receivables

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 (5 months). In the event of a significant drop in the price of gold, the Group could mitigate this risk by reducing its lending policy on pawnbroking pledges, by increasing the proportion of gold sold through retail sales or by entering gold hedging instruments. Management monitors the gold price on a constant basis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

Trade and other payables

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, see note 18.

Borrowings

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

	2017 £'000	2016 £'000
Bank borrowings	2,310	2,900
Loan notes	–	4,000
Total	2,310	6,900
Amount repayable		
In one year or less	2,310	2,900
In more than one year but no more than two years	–	–
In more than two years but no more than five years	–	4,000
	2,310	6,900

The bank borrowings interest 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 £7million revolving credit facility was fully utilised then a 1% increase in the LIBOR rate would increase finance costs by £70,000 pre-tax and reduce post-tax profits by £56,000.

Derivative financial instruments comprises of interest rate swap facilities that mature in October 2018.

15. INVENTORIES

	2017 £'000	2016 £'000
New and pre-owned inventory for resale (at lower of cost or net realisable value)	5,338	3,336

16. TRADE AND OTHER RECEIVABLES

	2017 £'000	2016 £'000
Trade receivables	7,730	7,126
Pawnbroking Accrued Income	917	827
Other receivables	25	15
Corporation tax receivable	–	57
Prepayments and accrued income	690	701
	9,362	8,726

17. CASH AND CASH EQUIVALENTS

	2017 £'000	2016 £'000
Cash and cash equivalents	11,864	10,947

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

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 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER PAYABLES (CURRENT)

	2017 £'000	2016 £'000
Bank borrowings	2,310	2,900
Trade payables	3,335	3,285
Other payables	297	464
Current tax liabilities	305	40
Other taxes and social security	211	189
Accruals and deferred income	773	398
Obligations under finance leases (note 23)	8	8
	7,239	7,284

Terms and conditions of the above financial liabilities:

- Trade and other payables are non-interest bearing and are normally settled on 30-day terms

For explanations on the Group's liquidity risk management processes, refer to Note 14.

Bank Borrowings

The RCF facility was renewed during the year with an increase in facility size from £5m to £7m and an increase in term for a further 3 years. Details of the new facility are as follows:

Key Term	Description
Facility	Revolving Credit Facility
Total facility size	£7m
Termination date	04/03/2020
Utilisation	The £7m 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 2.5% above LIBOR rate when the initial drawdown is made and for unutilised funds interest is charged at 1% above LIBOR rate from the date when the facility was made available. The LIBOR rate is reset to the prevailing rate every interest period typically three months throughout the facility period
Interest Payable	Interest is payable at intervals to suit the company but typically 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 the 31 March 2017 the group had available £4.5m of undrawn committed facilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. NON-CURRENT LIABILITIES

	2017 £'000	2016 £'000
Loan Notes	–	4,000
Obligations under finance leases (note 23)	9	17
Accruals and deferred income	404	514
Derivative financial instruments (note 14)	119	226
Deferred tax (note 10)	137	237
	669	4,994

Loan Notes

To fund the acquisition of Ramsdens Financial Limited and its subsidiaries, the following loan notes were issued on 2 September 2014:

	10% fixed rate secured A loan notes repayable 2 September 2018 £'000
At 31 March 2016	4,000
Repaid	(4,000)
At 31 March 2017	–

On 16 February 2017 following the listing on AIM of Ramsdens Holdings PLC the loan notes were repaid. The loan notes were subsequently delisted on the 22 February 2017 from the Channel Islands Security Exchange and the security released. The loan Notes up to repayment were secured by a fixed and floating charge over the company's assets and carry a coupon rate of 10%, interest being paid quarterly, 2 January, 2 April, 2 July and 2 September each year.

At 31 March 2017 the accrued interest charge in relation to the loan notes was £Nil (2016: £33,000)

20. ISSUED CAPITAL AND RESERVES

Ordinary shares issued and fully paid

	No.	£'000
Ordinary A shares of £1 each	186,250	186
Ordinary B shares of £1 each	60,983	61
At 31 March 2016	247,233	247
Reorganisation of existing share capital and reclassification to 1p shares	24,723,300	247
Bonus issue of ordinary 1p shares	300,400	3
Issue of new ordinary 1p shares	5,813,953	58
At 31 March 2017	30,837,653	308

The Company reorganised the issued ordinary share capital during the year to unify the 'A' shares & 'B' shares into one class of 1p ordinary shares. As part of this re-organisation a bonus issue of 300,400 ordinary shares was issued capitalising £3,000 of reserves. The Company issued 5,813,953 ordinary 1p shares during the year at 86p per share. Associated fees of £50,000 have been charged to share premium account.

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

21. DIVIDENDS

No Dividends were paid during the year.

22. PENSIONS

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

The outstanding pension contributions at 31 March 2017 are £107,000 (2016: £32,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

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

	2017 £'000	2016 £'000
Land and buildings		
Within one year	2,442	2,482
After one year but not more than five years	7,812	8,549
More than five years	1,335	2,368
	11,589	13,399

	2017 £'000	2016 £'000
Other		
Within one year	79	76
After one year but not more than five years	54	100
More than five years	–	–
	133	176

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

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 2017 is £17,000 (2016: £25,000).

24. RELATED PARTY DISCLOSURES

Ultimate controlling party

The Company has no controlling party. Prior to 15 February 2017 the Company was controlled by NorthEdge Capital Fund 1 LP which held 73.89% of the issued share capital since 2 September 2014.

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.

Fees charged in the period by NorthEdge Capital LLP the manager of NorthEdge Capital Fund 1 LP, amounted to £54,000 (2016: £101,000).

The Group has £nil (2016: £3,910,000) of loan notes outstanding at 31 March 2017 to NorthEdge Capital Fund 1 LP. Interest of £345,000 was charged during the year (2016: £830,000). There was £nil of interest accrued on these loan notes at 31 March 2017 (2016: £32,000).

The Group has £nil (2016: £90,000) of loan notes outstanding at 31 March 2017 to NorthEdge Capital 1 GP LLP. Interest of £9,000 was charged during the year (2016: £19,000) and there was £nil of interest accrued on these loan notes at 31 March 2017 (2016: £1,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. RELATED PARTY DISCLOSURES continued

Transactions with key management personnel

The remuneration of the directors of the Group, who are the key management personnel, is set out below in aggregate for each of the categories specified in the Companies Act:

	2017 £'000	2016 £'000
Short term employee benefits	613	437
Post employment benefits	78	83
Share based payments	6	-
	697	520

25. SHARE BASED PAYMENTS

As at 31 March 2017 the Company operated a Long Term Incentive Plan (LTIP). The charge for the year in respect of the scheme was:

	2017 £'000	2016 £'000
LTIP	7	-

The LTIP is a discretionary share incentive scheme under which the Remuneration Committee 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	-	-
Granted	805,554	-
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at the end of the year	805,554	-

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 Model for TSR performance condition as this is classified as a market condition under IFRS2 and using the Black Scholes Model for the EPS performance condition which is classified as a non- market condition under IFRS2. The fair values have been computed by an external specialist and the key inputs to the valuation model were:

Model	TSR Condition Monte Carlo	EPS Condition Black Scholes
Grant Date	13/03/2017	13/03/2017
Share Price	£1.06	£1.06
Exercise Price	£0.01	£0.01
Vesting period	3.05 years	3.05 years
Risk Free return	0.2%	0.2%
Volatility	27.0%	27.0%
Dividend Yield	7.5%	7.5%
Fair value of Option (£)	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.

PARENT COMPANY BALANCE SHEET AS AT 31 MARCH 2017

	Notes	2017 £'000	2016 £'000
Assets			
Non-current assets			
Investments	D	7,845	247
		7,845	247
Current Assets			
Receivables	E	1,854	-
Cash and short term deposits		207	-
		2,061	-
Total assets		9,906	247
Current liabilities			
Trade and other payables	F	108	-
		108	-
Net current assets		1,953	-
Total assets less current liabilities		9,798	247
Net assets		9,798	247
Equity			
Issued capital		308	247
Share Premium		4,892	-
Retained earnings		4,598	-
Total equity		9,798	247

The Profit after tax for the Company for the year ended 31 March 2017 was £4,594,000 (2016:£Nil).

These financial statements were approved by the directors and authorised for issue on 6 June 2017 and signed on their behalf by:



Martin Clyburn

Chief Financial Officer

Company Registration Number: 8811656

6 June 2017

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share Capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 April 2016	247	-	-	247
Profit for the year	-	-	-	-
Total comprehensive income	-	-	-	-
As at 31 March 2017	247	-	-	247
As at 1 April 2016	247	-	-	247
Profit for the year	-	-	4,594	4,594
Total comprehensive income	-	-	4,594	4,594
Bonus issue of share capital	3	-	(3)	-
Issue of share capital	58	4,942	-	5,000
Costs associated with issue of share capital	-	(50)	-	(50)
Share option movement	-	-	7	7
As at 31 March 2017	308	4,892	4,598	9,798

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

A. ACCOUNTING POLICIES

Basis of preparation

Ramsdens Holdings Plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Unit 16, Parkway 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.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the Group financial statements of Ramsdens Holdings PLC.

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 cash-flow statement, 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 balance sheet date.

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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

A. ACCOUNTING POLICIES continued

Dividends

Dividends receivable from subsidiary undertakings are recorded in the profit and loss account on the date that the dividend becomes a binding liability on the subsidiary company.

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 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.

B. COMPANY PROFIT AND LOSS ACCOUNT

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year.

The Company made a Profit after taxation of £4,594,000 in 2017 (2016: £Nil).

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:

	2017 £'000	2016 £'000
Remuneration receivable	96	-
Social security cost	11	-
Value of company pension contributions to money purchase schemes	55	-
Share based payments	3	-
	165	-

Remuneration of the highest paid director:

	2017 £'000	2016 £'000
Remuneration receivable	29	-
Social security cost	4	-
Value of company pension contributions to money purchase schemes	53	-
Share Based Payments	2	-
	88	-

The number of directors accruing retirement benefits under the money purchase scheme is 2 (2016: nil).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

D. INVESTMENTS

Shares in subsidiary undertakings

	Total £'000
Cost	
At 1 April 2016	247
Additions	7,594
Additions - Share based payments	4
At 31 March 2017	7,845

Additions during the year represent the transfer of shares in Ramsdens Financial Ltd following a group reorganisation which resulted in the entire share capital now being held directly as opposed to it being formerly held indirectly via the wholly owned subsidiary Ramsdens Group Ltd.

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	Ordinary Shares	100%	Supply of management & strategic services – now dormant
Ramsdens Financial Limited	Ordinary Shares	100%	Supply of foreign exchange services, pawnbroking, purchase of gold jewellery, jewellery retail and related financial services.

E. RECEIVABLES

	2017 £'000	2016 £'000
Amounts owed by subsidiary companies	1,814	-
Prepayments	38	-
	1,852	-

F. LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade Payables	15	-
Other Creditors	75	-
Other taxes and Social Security	11	-
Current tax liabilities	7	-
	108	-

G. CALLED UP SHARE CAPITAL

Details of the called up share capital including share shares issued during the year can be found in note 20 within the Group financial statements of Ramsdens Holdings PLC.

H. SIGNIFICANT EVENTS DURING THE YEAR

The Group restructured during the year following the listing of the Company onto the AIM London stock exchange. The £5,000,000 raised from the issue of new shares enabled the Company to lend money to Ramsdens Group Limited to repay loan notes of £4,000,000 and to pay exceptional expenses. The Company also received dividends during the year of £5,400,000. The restructuring consisted of the investment in Ramsdens Financial Limited being transferred from Ramsdens Group Limited to the Company, with the intercompany loans settled except for £1,814,000 owed by Ramsdens Financial Limited to the Company post restructuring.

COMPANY ADVISORS

Directors	Andrew David Meehan (Non-Executive Chairman) Peter Edward Kenyon (Chief Executive Officer) Martin Anthony Clyburn (Chief Financial Officer) Simon Edward Herrick (Non-Executive Director) Stephen John Smith (Non-Executive Director)
Company Secretary	Kevin Nigel Brown, F.C.A.
Registered Office and Principal Place of Business	Unit 16 The Parkway Centre Coulby Newham Middlesbrough TS8 0TJ
Telephone Number	01642 579957
Website	www.ramsdensplc.com
Nominated Adviser	Liberum Capital Limited 25 Ropemaker Street London EC2Y 9LY
Auditor	Ernst & Young LLP Citygate St James Boulevard Newcastle Upon Tyne NE1 4JD
Solicitors	HBJ Gateley Exchange Tower 19 Canning Street Edinburgh EH3 8EH
Financial Public Relations Adviser to the Company	Hudson Sandler LLP 29 Cloth Fair London EC1A 7NN
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Principal Bankers	Clydesdale Bank trading as Yorkshire Bank 1st Floor 94-96 Briggate Leeds LS1 6NP

