Ramsdens Holdings PLC

("Ramsdens", the "Group", the "Company")

Annual Results for the year ended 30 September 2021

Resilient performance and well positioned to resume our growth strategy

Ramsdens, the diversified financial services provider and retailer, today announces its Annual Results for the year ended 30 September 2021 (the "Period").

The prior period financial statements cover an 18 month period to September 2020, which includes a very strong 12 months of trading prior to the pandemic. The Board has taken the decision not to include information for the 12 month period to 30 September 2020 as it would be unaudited and the trading conditions, including level of restrictions and impact of the COVID-19 pandemic, in the two periods are not comparable.

	FY21 (12 months)	FP 20 (18 months)
Revenue	**£40.7m**	£72.5m*
Gross Profit	**£22.3m**	£47.1m
Profit before tax	**£0.6m**	£9.2m
Net Assets	**£36.1m**	£35.6m
Net Cash	**£13.0m**	£15.9m
Final dividend	**1.2p**	-

*Restated. The Group has changed an accounting policy in relation to pawnbroking loans in the course of realisation. There is no impact to gross profit or net assets. Further details can be found in the Financial Director's Review.

Highlights:

- Resilient performance achieved under challenging trading conditions caused by COVID-19 restrictions.
- A profitable year with continued modest investment in long term strategic growth opportunities and a strong year-end balance sheet with net cash of £13.0m.
- The Group kept almost all stores open through the retail lockdowns and continued to provide essential services that offer financial support to our loyal customers.
- The Group received £1.6m of Government Support during the year, including £1.5m through the furlough scheme to assist in retaining jobs.

- Travel restrictions were tougher in summer 2021 than in summer 2020, significantly impacting foreign currency exchange volumes. This resulted in foreign currency income approximately £10m lower than pre pandemic levels.
- The investment in the Group's online retail jewellery operation has led to online sales more than doubling year on year.
- The Board will be recommending a final dividend of 1.2p per share for approval at the forthcoming AGM.

Current Trading:

The Board is pleased to provide an update on Q1 FY22 trading (October to December 2021).

- Investments in our jewellery retail operations have continued to produce strong results.
  - In store retail jewellery revenue up more than 30% on October to December 2020.
  - Online retail jewellery revenue up more than 70% on October to December 2020.
- The latent demand for foreign holidays remains strong and we are optimistic of international travel, and therefore our foreign currency exchange volumes, increasing as COVID-19 testing restrictions are eased.
  - Foreign currency volumes were approximately 40% of pre pandemic levels but had increased by almost 200% on October to December 2020.
- The expected need for our pawnbroking service has seen, and will continue to see, increased demand as our customers' needs for short term financing grow.
  - Pawnbroking loan book has grown to £6.8m as at 31 December 2021 (£5.9m at 31 December 2020).
- As life normalises and we can offer our purchase of precious metal service to our foreign currency customers, we expect to increase the volume of gold purchased.
  - The weight of the gold purchased from customers was approximately 80% of pre pandemic levels but had increased by approximately 50% on October to December 2020.

Ramsdens has remained agile and resilient to the trading conditions caused by the pandemic. The Group has invested in activities that have presented opportunities for continued growth and the Board looks forward with optimism on delivering our growth strategy for the long-term benefit of all our stakeholders.

Peter Kenyon, Chief Executive, commented:

"We are pleased to have delivered a resilient performance despite the difficult trading conditions experienced. We remain committed to our long term growth strategy and are pleased to have delivered on some key operational objectives, namely: doubling the jewellery sold through our website www.ramsdensjewellery.co.uk; expanding geographically into the South East; relocating stores where appropriate and investing in our jewellery offering with over 1000 premium watches now available.

We have had to be patient about the return of our foreign currency volumes as we have no control over the international travel restrictions imposed, but we are confident that as international travel returns our foreign currency income will grow. We were, and remain, confident that the demand for our pawnbroking service *would increase as customers started to live normal lives again, outside of lockdown. We expect our loan books to continue to grow in 2022.*

Our staff have continued to be fantastic. I have great pride in the service levels that the team have delivered throughout the pandemic despite all the challenges faced. I would like to thank them for their dedication, passion and hard work.

While FY22 remains a transitionary period as we are still very much subject to the impact of the pandemic, I believe we are making good progress."

Availability of Report and Accounts

The Company confirms that the annual report and financial statements for the year ended 30 September 2021, together with notice of the Company's 2021 annual general meeting, will be published and posted to shareholders shortly and will be available to view on the Company's investor relations website: https://www.ramsdensplc.com/investor-relations/reports-and-presentations, in accordance with AIM Rule 20.

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019.

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About Ramsdens

Ramsdens is a growing, diversified, financial services provider and retailer, operating in the four core business segments of foreign currency exchange, pawnbroking loans, precious metals buying and selling and retailing of second-hand and new jewellery. Ramsdens does not offer unsecured high-cost short term credit.

Headquartered in Middlesbrough, the Group operates from 155 stores within the UK (including 3 franchised stores) and has a growing online presence.

Ramsdens is FCA authorised for its pawnbroking and credit broking activities.

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

CHAIRMAN'S STATEMENT

"I am extremely proud of how the business has faced the challenges posed by the pandemic in the last year."

INTRODUCTION

This Annual Report covers the 12-month period to 30 September 2021, a year impacted by the ongoing COVID-19 pandemic. The prior period referred to throughout this report is the 18-month period to 30 September 2020, which includes a very strong 12 months of trading prior to the pandemic and six months affected by the pandemic.

I am extremely proud of how the business has faced the challenges posed by the pandemic in the last year. This is a great testament to the skill of our team, the strength of our brand, and the resilience of our diversified business model.

While there is hope that a sense of normality will return in the UK, 2021 saw tougher international travel restrictions than 2020. As a result, the Group's income from foreign currency exchange for the year was approximately £10m lower than pre-pandemic levels. However, with the benefit of the Group's diversified income streams, successful investment in online jewellery retail which saw online retail revenue double year on year, and the receipt of government support particularly through the furlough scheme, the Group was able to trade profitably for the year.

FINANCIAL RESULTS & DIVIDEND

The below table highlights the financial results:

£000's	FY21 (12 months)	FP20 (18 months)
Revenue	£40,677	£72,493*
Gross Profit	£22,262	£47,149
Profit Before Tax	£564	£9,221
Net Assets	£36,143	£35,555
Net Cash	£13,032	£15,873
EPS	1.2p	23.1p
Final dividend	1.2p	-

*Restated due to an accounting policy change, see Financial Director's Review page 26

Despite the tough trading conditions, the Group achieved revenue of £40.7m (FP20: £72.5m) and Profit Before Tax of £0.6m (FP20: £9.2m). The Strategic Report and Financial Review that follow provide a more in-depth analysis of the trading performance and financial results of the Group.

The Board has recommended a final dividend of 1.2p for approval at the forthcoming AGM. This represents the full earnings for the year and takes into account that the Group's strong cash position is sufficient to deliver on its growth plans. Subject to approval at the AGM, the final dividend is expected to be paid on 10 March 2022 for those shareholders on the register on 4 February 2022. The ex-dividend date will be 3 February 2022. As we move forward, we will resume our progressive dividend policy of paying approximately 50% of post-tax profits to shareholders, always subject to executing on the Group's growth opportunities.

The Ramsdens team has been agile in adapting to the restrictions caused by the pandemic. We have invested in areas of the business that have presented opportunities and our teams have showed continued commitment to our customers and the communities in which we operate. I would personally like to thank each and every one of my colleagues at Ramsdens for their dedication during this period.

While we are still learning to live with COVID-19, I have a positive outlook on the Group's future. The Group has continued to make improvements and invest in its retail operations, both instore and online. Pawnbroking is a highly valued service for many consumers and the Board is confident that loan books will grow back over time. Underlying consumer demand for international travel is strong and therefore the need for our foreign currency exchange service will return. In addition, we have further opportunities to grow the footprint of our store estate in the UK. I am therefore confident that the Group is in a good position to move forward and deliver on its strategic ambition to achieve long term, sustainable growth.

Andrew Meehan
Non-Executive Chairman
17 January 2022

CHIEF EXECUTIVE'S REVIEW

"This year has demonstrated, above all else, the resilience of the Ramsdens business"

INTRODUCTION

The pandemic has presented several new challenges that I had not encountered in my 20 years at Ramsdens. Back in 2013, when the gold price crashed, we adapted and successfully diversified the business, making the Group less reliant on buying and selling gold and strengthening our balance sheet. Since then, we have continued to diversify the Group's income streams, a strategy which has proved its value during the year. We have been able to trade profitably despite the significant reduction in foreign currency commission, which was, prior to the pandemic, our main income stream. This year has demonstrated, above all else, the resilience of the Ramsdens business.

FY21 has seen retail lockdowns and restrictions placed on UK consumers travelling abroad that were far tougher than in the summer of 2020. During this, we utilised, and were grateful for, the UK Government's Coronavirus Job Support Scheme which helped protect jobs and allowed the Group to trade flexibly, in particular operating on reduced opening hours in our high street stores.

RESPONDING TO THE COVID-19 PANDEMIC

The pandemic has had a huge impact on the lives of many within our communities and for those who work for, engage with, or supply Ramsdens. We have seen periods of regional restrictions and national lockdowns, which have affected the high street unlike anything we had contemplated prior to the onset of the pandemic.

Classified as an essential service, owing to the financial support we provide our many loyal customers, we have kept our stores open throughout FY21, only temporarily closing those stores in close proximity to another store, or our very new stores. Throughout the Period, Ramsdens continued to prioritise the wellbeing of its staff and customers and traded in accordance with the Government's COVID-19 secure guidelines.

Despite all these challenges the Group has remained committed to its growth strategy. With the benefit of its strong cash balance and ability to generate cash from trading, the Group has continued to invest during the year. Two new stores have opened, five stores have been relocated and one loan book was acquired. Ramsdens also increased investment in its online retail jewellery business, which has continued to show significant growth, broadening customer reach while offering customers increased choice in how and when they use the Group's services. After these investments, the Group's cash position as at 30 September 2021 remained strong at £13.0m and the Group's revolving credit facility of £10m remained undrawn.

The Group's progress and performance would not have been possible without the hard work, commitment and flexibility of the Ramsdens team. I have immense pride in being able to lead such a dedicated and talented group of people and would like to thank them all for their response to the challenges faced across businesses and communities during the year.

BUSINESS REVIEW

Where our branches are located, Ramsdens enjoys strong brand recognition and high levels of repeat business within its income streams. However, there is an opportunity to improve this recognition across the full range of diversified services we offer and grow the penetration of jewellery-based services into our foreign currency customer base, and vice versa. This remains a key focus for the Group in addition to further growing our online presence to become increasingly multi-channel.

The Group's retail estate reduced slightly during the year to 151 stores as at September 2021 from 153 stores in September 2020. The reduction is the result of mergers of stores in four towns where we previously operated two stores combined with the addition of two new stores in Middlesbrough and Manchester. The Group is also expanding its geographic reach with its first store in the South East opened post the year end in December 2021.

The furlough scheme has been used flexibly during the year to enable the Group to restrict the opening times of certain stores to periods of higher footfall. From the start of the new financial year, all stores were trading at their pre-pandemic opening hours.

The performance of each of the Group's key income streams is discussed in greater detail below. With FP20 being an 18-month reporting period, which included 12 months of strong trading pre-pandemic, any comparison across the relative periods needs to consider the significant difference in trading conditions. By the end of FY21 we had seen trading conditions improve with the benefit of the vaccine roll out and easing in travel restrictions.

OUR DIVERSIFIED BUSINESS MODEL: PRODUCT OFFERING

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

Foreign Currency Exchange

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

000's	FY21 (12 months)	FP20 (18 months)
Total Currency exchanged	£77m	£559m
Income	£3.4m	£14.9m
Online C&C orders	£6.9m	£45.4m
% of online FX	9%	8%
Percentage of GP	15%	32%

The impact of restrictions on international travel resulting from the UK Government's red, amber and green lists during FY21 was far more severe than in the summer of 2020. With reduced international travellers, Ramsdens' ability to sell foreign currency was limited. To illustrate this, in May 2021, the volume of foreign currency sold was approximately 5% of May 2019 volumes. As travel restrictions gradually eased, September's volume of foreign currency sold was approximately 31% of September 2019 volumes. However, the Group was able to widen margins, with the overall foreign currency margin increasing by 44% in September 2021 compared to September 2019.

Margins have remained strong post year end and the percentage of 2019 volumes have increased to approximately 50% in November 2021 following the easing of restrictions on travel to the US.

The average foreign currency sale transaction value (ATV) increased to £509 (FP20 £399). We continue to have confidence that UK travellers will continue to take cash abroad for both convenience and to assist with budgeting whilst on holiday.

We strongly believe that customers' desire to go on holiday abroad remains very high. Assuming travel restrictions continue to ease in the UK and abroad, we believe many more UK consumers will travel abroad in the summer of 2022.

In line with our multi-channel strategy, the Group is refreshing its currency travel card proposition with a new multi-currency card due to be launched in early 2022 ahead of the peak holiday season.

Pawnbroking

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

000's	FY21 (12 months)	FP20 (18 months)
Gross profit	£6,678	£12,248
Total loan book	£6,137	£6,548
Past Due	£536	£1,559
In date loan book	£5,601	£4,989
Percentage of GP	30%	26%

While the loan book fell in FP20 with the majority of customers repaying their loans, the year end loan book balance included a number of loans where Ramsdens had allowed customers at least three months' grace on repaying their loans in line with the FCA COVID forbearance guidelines. Arrangements were made with all customers struggling to repay on the due date with those that could not make or did not want to make longer term arrangements having their goods sold to repay their loans, with no ongoing debt consequences.

As a result, the loan book fell to £5.6m during the year but has since increased back to £6.1m at the year end. It has risen further post the period end to £6.8m at the end of December 2021; a significant improvement towards pre-pandemic loan book levels (FY19: £7.6m).

The online facility has remained in place for customers to both borrow and, more importantly, repay loans and save interest.

The average loan value as at 30 September 2021 was £264, up from £248 as at 30 September 2020. Our lending remains conservative in line with our long-term policy. Our lending on plain gold jewellery items is approximately 70% of the gold value and approximately 40-50% of the item's second-hand retail value.

The typical pawnbroking customer is cautious. They know that the item pledged is their store of wealth and that this enables them to borrow when needed. As normality returns across society, we believe customers' needs for short term finance assistance will grow. We therefore expect our loan book and, consequently, interest income to grow throughout FY22.

Jewellery Retail

The Group offers new and second-hand jewellery, including premium watches, for sale. The Board believes there is significant growth potential in this segment by leveraging Ramsdens' retail store estate and ecommerce operations. The Group aims to cross-sell its retail proposition to existing customers of the Group's other services as well as attracting new customers.

Retailing of new jewellery products complements the Group's second hand offering to give our customers greater choice in breadth of products and price points. In addition, the retailing of new jewellery enables the Group to attract some customers who prefer not to buy second hand. New jewellery items accounted for 37% of the retail revenue in the year.

000's	FY21 (12 months)	FP20 (18 months)
Revenue	£18,252	£17,109
Gross Profit	£6,965	£7,701
Margin %	38%	45%
Percentage of GP	31%	16%
Jewellery retail stock	£13,979	£9,085
Online sales*	£3,277	£1,947
% of sales online*	16%	10%

*this is based on total jewellery sold which includes ex pledge items

The Group's retail performance has been exceptionally robust especially given the retail lockdowns with footfall on the high street much reduced.

Margins by product category have remained consistent and the reason for the gross margin reduction is simply the mix of products sold. Second hand sales remained strong with margins remaining around 55%. New jewellery has a lower average gross margin of circa 33%, whilst our premium watches return a 25% gross margin but have a high cash value.

Online performance has been strong with growth of over 100% in the year. Online sales momentum was maintained after high-streets re-opened post lockdown from April 2021. This trend gives us confidence that we are continuing to make progress with our investments to support long-term online growth including greater stock choice; better website useability; payment flexibility including the offer of interest free credit and; SEO and marketing initiatives including digital communications and pay per click campaigns. The total jewellery sold through our ecommerce activities totalled £3.3m for the year and represented 16% of all jewellery items sold. Currently approximately 40% of our online sales are to customers living outside the natural catchment of our branch network. We believe that the branch network expansion in to London and the South East, will assist brand recognition and support online sales to grow further. The online department is a profitable 'branch' in its own right and we have ambitions to take our online sales to more than £10m in the medium term.

At the same time our website is also a catalogue for our branches and assists with serving customers where customer stock choice in a branch may be limited. For example, our top watch stockists may have circa 50 watches in store but there are now over 1,000 watches available on our website.

Sales of premium watches including ex-pledge items grew by approximately 80% during the year and accounted for circa 20% of total jewellery sold. We believe this strong momentum will continue in FY22 with growing awareness of the Ramsdens brand as a destination to buy premium watches.

We believe there is an ongoing opportunity to improve and grow our jewellery retail business. Our internal restructure to place greater focus on improving the sales of each product category (namely diamonds, watches, second hand, and new jewellery) through the store estate and online is starting to generate good results. We believe this will continue as we invest further in our stock levels, breadth of stock, and both instore and online merchandising.

Purchases of precious metals

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

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

000's	FY21 (12 months)	FP20 (18 months)
Revenue	£10,369	£23,024
Gross Profit	£4,240	£9,856
Percentage of GP	19%	21%

The sterling gold price for 9ct gold has remained high in comparison to long run averages, with an average of £16.05 per gram during the year compared to £15.00 per gram for the prior period.

With international travel being restricted and the Group selling less foreign currency, the ability to cross sell this service to our highest footfall service has been naturally limited. The weight of gold purchased in the second half of the year was consistent at approximately 80% of the weight purchased per week prior to the pandemic. We anticipate the weight of purchases increasing in line with instore footfall increases over the coming year.

While the pandemic continues to have an impact on global gold pricing, we believe the gold price will remain high, supporting the Group's margins.

Other services

In addition to the four core business segments, the Group also provides additional services in cheque cashing, Western Union money transfer, credit broking and receives franchise fees.

000's	FY21 (12 months)	FP20 (18 months)
Revenue	£1,122	£3,035
Gross Profit	£1,122	£2,485
Percentage of GP	5%	5%

While this has been a steady source of gross profit, we believe that the impact of COVID has switched some Western Union customers to use services online rather than through a store network. Cheque cashing continues to be a service in decline.

STRATEGY

We have a consistent and established strategy for the long-term development and growth of Ramsdens. Underpinned by the ongoing development of our people and brand, I am confident that the Group's previously proven strategy remains relevant and appropriate in the long-term.

We continue to concentrate on:

1. Improving the performance of our existing store estate
2. Expanding the Ramsdens branch footprint in the UK
3. Developing our online proposition
4. Appraising market opportunities presented by operating in a challenging market.
5. Focusing on sustainability through our ESG policy

Improving the performance of the existing store estate

Our strategic focus is on attracting more customers, cross-selling our diversified services and driving higher spend from those acquired customers. By doing this and controlling costs, the profit contribution will increase.

The growth in the four key income segments across the core estate during the first 12 months of FP20 demonstrated the effectiveness of this strategy. In the last year, our previous investments in our retail offering instore and online have continued to produce great results.

We continue to develop our staff with ongoing training and to review every store's location against its performance and potential within that town. Where there is an opportunity to grow and improve our return on capital, we will relocate a store.

In addition, we aim to improve the performance of our key income streams:

- Foreign currency:
  by having competitive exchange rates to attract new, and retain existing, customers. Margins will continue to be managed closely with due regard to local circumstances.

  where appropriate we will relocate to higher footfall locations to improve the convenience we offer to our existing customers and to attract new customers who may have been unaware of our secondary location within a town.

  by improving the contact frequency we have with our foreign currency customers

  by developing a market-leading multi-currency travel card to capture more of the customer's holiday spend while abroad.

- Pawnbroking:
  by doing what we believe is the right thing for our customers over the long term. This has included proactively supporting our customers through the challenges that COVID-19 has brought by waiving interest, reducing interest rates, and offering long-term repayment plans.

where customers default, we will continue to obtain the best price possible for them by selling by private treaty and not using an auction process which we believe disadvantages customers.

we will continue to have prudent lending policies but look at developing opportunities to lend more when the customer’s borrowing history suggests greater capacity to repay and where the pledged assets are more desirable and readily saleable. Our improvement in our retail jewellery operations gives the Group confidence that it is able to lend more on higher value jewellery items.

we will continue to build upon the trust and high repeat customer volumes earned by giving a great service and grow the customer base through word-of-mouth recommendation.

- Jewellery retail:
  our investments in stock quality, choice of stock, and stock levels has assisted with the improved results delivered during the year. Further improvements can be made as we shift to greater use of planogram displays and a structured replenishment system. This applies to both jewellery and premium watches.

  we are continuing to work on the display of our products to create more customer appeal as well as continuing to invest in our retail website (see below) which also acts as a stock catalogue for our branches to facilitate further in store sales.

  where appropriate we will relocate to higher footfall locations to improve the jewellery offer, with larger window display areas, often at similar rents to current locations.

- Purchase of precious metals:
  by growing the awareness amongst our existing customer base, primarily foreign currency customers who are unaware of the service or the value held in damaged or simply unwanted or unworn jewellery.

Expanding the branch footprint in the UK

The Group has a successful branch-based model. With a diversified income stream, stores generate a good return on capital while leveraging off the head office cost base in smaller locations. We have successfully achieved this in towns such as Ebbw Vale and Dalkeith. Therefore, there is a significant opportunity to grow the store estate in larger, and smaller, towns as well as cities, and into new regions.

As at 30 September 2021, we had 154 stores including three franchised stores.

During the year, we opened two stores; in Manchester (previously a pawnbrokers), and Middlesbrough (previously a currency kiosk). Just after the year end, we opened in Chatham, the first Ramsdens store in the South East.

We have targeted eight locations to open in FY22. These comprise a mix of locations in Scotland, Yorkshire and the North West, which are established regions for the Ramsdens brand, as well as expanding in the South East.

Developing our online proposition

Jewellery retail website
www.ramsdensjewellery.co.uk

We have achieved outstanding progress in the last 12 months, with the online sales of jewellery items more than doubling to almost £3.3m. This performance excludes jewellery sales in branches which used the in-store digital facility to access the website as a catalogue of stock.

Our online retail jewellery sales have grown substantially over the last four years.

While the online performance in FY21 may have been aided by the COVID-19 pandemic and corresponding growth in online retail across consumer industries, the Group's performance has remained very encouraging since the re-opening of non-essential retail stores, demonstrating the strong underlying customer demand for Ramsdens' online services.

This momentum has been achieved by:

refreshing the website in October 2020 to optimise search functionality at the front and back end of the website,

continued investment in search engine optimisation, introduction of various payment options, use of AI to push product options to customers, and successful pay per click advertising,

increasing the quantity of stock online significantly and investing in improvements to product merchandising and descriptions.

Lessons have been learned as we have progressed over the year and we will use this knowledge to improve the efficiency and effectiveness of our initiatives in the future.

As we expand the store estate further, including into the South East, an improved, more visible website will assist with brand recognition and, at the same time, an enlarged store estate should assist online sales.

Foreign Currency website
www.ramsdensforcash.co.uk

It is not a surprise that the website statistics for our online click and collect foreign currency volumes have been hit by the pandemic and the travel restrictions throughout FY21. Click and Collect volumes were down 85% and represent 9% (8% in FP20) of our total foreign currency sales volumes.

In the coming year we plan to refresh the Group's currency website and launch a new multi-currency card, which will also be available via an app.

Appraising opportunities presented by operating in a challenging market

Our estimate of the number of pawnbroking outlets in the UK remains steady at approximately 870 outlets operated by circa 130 pawnbroking businesses. Collectively over the last year pawnbrokers have seen their loan books reduce generating cash reserves to trade as a result of the loan repayments.

The Group's expansion strategy into the South East is aimed at creating a nucleus of Ramsdens stores that build brand recognition and, as opportunities arise, acquiring pawnbroking outlets. The South East has the highest concentration of pawnbroking outlets in the UK and presents a compelling expansion opportunity for the Group.

The Group purchased a single store in Manchester from a London- based pawnbroker, Hopkins and Jones. The active in-date loan book was circa £0.15m when it was acquired in August 2021.

The retail landscape has been challenging for a number of years but the full impact of the pandemic is possibly not yet known. Some retailers have struggled to pay rents and other competitors in the retail jewellery or foreign currency market have closed stores. We continue to hope for a full reform of the non-domestic rates system which may encourage more retailers to open stores and recreate vibrant high streets. Without reform, we fear some towns and high streets may suffer further decline with more empty shops. Our property portfolio has been purposefully managed to be as flexible as possible to provide a defensive quality in case any of our stores become isolated and performance deteriorates.

In terms of looking at new towns and relocations, investments will only be made in new stores after significant research of footfall and adjacent retailer quality. The demise of certain retailers does however present an opportunity to obtain reductions in rental levels in certain towns while not compromising on location.

Focusing on sustainability through our ESG policy

ENVIRONMENT

We have maintained a continuous review of our environmental impact, and what we can do to improve it, in place for many years.

This review covers;

- The services offered by Ramsdens
- Energy & water usage including greenhouse gas emissions
- Packaging used and waste generated by the business
- ESOS Audits and data collection

The services offered by Ramsdens

Pawnbroking is a service which uses an asset owned by a customer to obtain a loan. The expectation is that the customer repays the loan and is able to borrow again but if they do not, the asset pledged is either refurbished and recycled being sold to a retail jewellery customer or the item is melted for its intrinsic value with the precious metal content reused in the manufacturing of new jewellery or other manufacturing processes. The reclaimed stones are reused to manufacture new jewellery either directly by Ramsdens or through our trade contacts.

The same is true for our purchase of precious metal service. We buy from customers unwanted, damaged or un-hallmarked jewellery items. Those items are assessed for retail and refurbished and recycled accordingly or melted for their intrinsic value.

The recycling of gold plus other metals and precious stones should result in the mining levels of precious metal and stones in some way being reduced, saving energy use.

Our retail jewellery offering is a mix of second-hand stock and new stock with a good proportion of the new stock containing diamonds and semi-precious stones which have been recycled. We stopped using plastic jewellery boxes several years ago and now provide cardboard or polished wood boxes when we retail jewellery items.

As part of our foreign currency exchange service, we issue the foreign currency notes in a clear plastic bag which was specifically designed to meet the airport security standards for carry on liquids. As airport security evolves to remove the need for this clear bag we will introduce new paper based wallets to package our currency notes for customers.

Energy & water usage including greenhouse gas emissions.

Our main energy use is the heating and lighting of our premises. Smart meters are fitted in some stores with more being fitted on an ongoing basis.

Our water use is relatively low and facilitates staff personal needs as opposed to an operational need. Water meters are installed at some stores with more being fitted on an ongoing basis.

Our greenhouse gas emissions fall under Scope 2, indirect emissions from the generation of purchased energy. The Group's methodology involves the initial collection of energy use data in respect of Electricity and Gas from suppliers, business mileage data for transport and the subsequent use of UK Government Conversion Factors to calculate emissions. The emission data set out below is for the period ended 30 September 2021 and is compiled in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) regulations 2018, which implement the Government's policy on Streamlined Energy and Carbon Reporting.

Tonnes of CO2	Year ended 30 September 2021
Scope2 Emissions	907
Per Employee	1.21
Energy Consumption (MWh)	2,346

It should be noted that due to the pandemic, some stores have been closed, some operated on reduced opening hours and some staff worked from home during the year.

In summary, we will use energy as we need to heat and light our stores. We use energy efficient LED lighting in all new stores and have a program of converting older stores to use LED lighting to make our energy use more efficient.

Nearly all of our stores have air conditioning and guidance is given to staff on the most efficient way to heat or cool our premises.

During the pandemic there has been a reduction in business travel and greater use of tele and video conferencing. This change in behaviour is one that will last beyond the pandemic.

While we incur logistic costs and use energy to ship our goods to stores, we use couriers to do so, thereby sharing the transportation energy use with other businesses. We try to minimise the number of deliveries we make while also managing the security aspects of transferring high value parcels.

At this time we do not have defined metrics or targets on the reduction in our energy and water use. This will evolve as we determine the most suitable reporting measure.

Packaging used and waste generated by the business

The Group has stopped using plastic boxes within our jewellery retail operations. We retain the use of a plastic bag for the issue of foreign currency notes as the bag has an intended second use at airports.

The main waste generated by the business is general e.g. household waste, paper and cardboard. All of our confidential paperwork is shredded and recycled when destroyed.

We work with the company who manages our refuse collections and have provided each location with an ability to recycle and have carried out training to promote recycling by all staff.

Our staff forum has established a ‘Think Green’ initiative to make all staff more conscious of energy use, not to print paperwork unless necessary and to re-use and recycle where possible. By influencing staff to be more personally responsible, create new behaviours towards energy use and waste, at work and at home, collectively we can play our part in improving our environmental footprint.

ESOS Audits and data collection

We have complied with our ESOS audit requirements. Our audits have been undertaken by Green Tree Consulting. Through these audits and our wider review, the business has developed a better understanding of its energy use and is using this data to identify and support the various initiatives detailed above.

SOCIAL

The Board understands that the Group must play a part in and contribute to the wider society. The same ethos of seeking continuous improvement that is adopted for its customer proposition is adopted for its wider corporate relationships.

The Board continually reviews;

- Ramsdens’ responsible lending
- Customer service levels
- Employee relations, engagement and development
- Charitable endeavours
- Supplier relationships including franchisees

Ramsdens responsible lending

Ramsdens is FCA authorised for its consumer credit activities of Pawnbroking and Credit Broking. As such, it is highly regulated and follows the FCA’s 11 principles, adheres to the Senior Management Regime and the Conduct Rules.

Ramsdens considers itself a responsible lender, offering transparent straight forward loans which are easily understood by customers. Unlike other forms of credit, pawnbrokers can assess creditworthiness based on the value of the goods, which therefore gives wider access to credit to those who may need it most. In previous sector surveys, the cost of a pawnbroking loan is often cheaper than people assume with interest accruing on a daily basis.

Ramsdens has an online facility which is used by customers to repay their loans when convenient for them and then collecting the pledged goods later. This saves the customer money.

We believe that our policies for pawnbroking and looking out for vulnerable customers are industry leading in treating our customers fairly. The Group understands that circumstances change for customers and Ramsdens works with customers offering tailored financial solutions where necessary, as well as having automatic forbearance interventions that reduce interest rates for customers and in certain instances, stops charging interest altogether.

A pawnbroking loan is a flexible loan in that there are no expected weekly or monthly instalments. The customer chooses when they repay their loan. As such there are no missed payments until the loan period expires. Once a loan approaches its expiry date, Ramsdens contacts its customers to see what they wish to do and as part of that process signposts providers of financial debt advice should a customer need to consider this.

Where a customer’s pledged items do need to be sold to repay the loan, Ramsdens sells items by private treaty as we believe this gets the best return for customers. During this process, Ramsdens caps the interest payable by the customer from the sale of the goods. If the item sells for more than the amount owed to Ramsdens the surplus monies are returned to the customer. If the item sells for less than the amount is owed, the shortfall is written off by Ramsdens and there are no ongoing debt consequences for customers.

Customer service levels

The Group prides itself on its high repeat customer rates and the low number of complaints it receives.

The Group is committed to offering the highest standards of customer service and appreciate that at times things go wrong. The Ramsdens philosophy is to use a root cause analysis approach to put things right as quickly as possible and learn from any mistakes.

The Group uses Trustpilot for customer feedback on its retail jewellery and foreign currency offerings. Both services currently enjoy excellent 5-star ratings.

The Group, from time to time, undertakes customer pulse surveys through its branch network to obtain customer feedback. The data is used to improve the Group's communication and marketing strategies.

Employee relations, engagement and development

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

The pride shown by all of our employees continues to create a working environment of infectious enthusiasm to deliver the Group's mission statement, namely to provide a great customer offering and give such fantastic service that our customers become ambassadors for Ramsdens. Our aim is to ensure we remain focused on how we communicate and engage with all of our staff members.

The Group operates a staff suggestion scheme and a department feedback scheme. Both are well supported as our people contribute to how we can continue to evolve and improve our products or processes. Suggestions received have included changes to the Group's core IT system which have improved the available information for the branch staff to make better decisions, simplify cross selling opportunities and improve the speed of transaction to improve the customer journey. Other suggestions have included changes to marketing initiatives, the structure of employee remuneration and how to improve our COVID-secure procedures.

The Group has an Employee Forum which has met five times in FY21. The Forum comprises staff in a variety of roles from head office and branches. The Employee Forum has a remit of discussing general matters that affect the business as well as how the Group can improve with the use of technology or its contribution to the environment.

Ramsdens undertakes regular anonymous employee engagement surveys. The last survey, undertaken in August 2021, saw 85% of staff members complete the survey. The Board are grateful to the high level of participation. The results of the survey are transparently shared with all staff and an action plan created for the Company to raise the bar where possible as part of its continuous improvement ethos.

The key findings in 2021 were;
90% of the staff work in a happy working environment
86% of the staff believe they have job security
84% of the staff said they look forward to coming to work and are enthusiastic about the job they do

Every staff member also has an individual discussion with their line manager twice a year. The discussion focuses on the staff members happiness and wellbeing, how challenged they feel and how supported they are. The discussion then focuses on the staff members understanding of expectations in their role and staff development activity in order that the staff member can be more successful in their career.

The Group has comprehensive training programmes. These start with a week long, classroom-based induction into the business, and are supplemented by instore mentoring, e-learning courses, training delivered remotely e.g. over zoom and area face to face training sessions. Certain training courses are mandatory and must be completed on an annual basis e.g. health and safety, data protection, conduct rules, cyber risks and anti-money laundering, while other courses focus on the development of an individual's skills. We have continued to invest in jewellery and watch knowledge and selling skills, which have helped drive the great jewellery retail results.

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

At Ramsdens we believe that being a diverse organisation allows us to grow and become the business we aspire to be. The executive committee of the trading company has eight members. The team consider the monthly reports of all department heads, signing off project initiatives in line with the Group's strategy. The executive committee consists of six male and two female members, with different specialist skills, aged from 32 to 56. The committee continues to have great constructive and diverse input to how we move forward. Two of the four Regional Managers, eight of the thirteen Area Managers, three of the six auditors and 77% of the branch managers are female.

Including the executive committee members, the top 45 people influencers in the business are at the core of the Group's Senior Management Leadership development programme. Training within FY21 included training on mental wellbeing which has been useful given all things related to COVID-19 and the Group has introduced an Employee Assistance Program provided by Health Assured. This program provides hints and tips to manage and improve a staff members health and wellbeing but also includes confidential expert advice and support if and when needed.

Where possible, the Group wishes to promote from within. Three of the Four Regional Managers, six of the thirteen Area Managers, five of the six Internal Auditors and over 55% of the Branch managers were promoted from within the business.

The Group issues a weekly and monthly newsletter keeping all staff informed on Group matters and recognising the successes of individuals, branches or departments.

We have been working hard to build on the progress made by recruiting, retaining and developing the best people. Great progress had been made in reducing staff turnover prior to the pandemic. The current recruitment situation is challenging in line with other retailers but the Group expects to resolve this current difficulty early in 2022 by concentrating on its long term focus on staff development, wellbeing and rewards.

The Group recognises and values long service. Each staff member receives an additional day of holiday entitlement for their first five years' service and upon reaching their 5th anniversary they receive company wide recognition and a monetary award. Further recognition happens at 10, 15, 20 years' service and beyond, with additional holidays and financial rewards at those milestones. We were pleased to recognise Darren Smart's 20 years' service award in 2021.

The Group has a philosophy of wanting to share the financial success of the business with staff. Despite the trading challenges of COVID-19, 99% of all staff received a minimum of inflationary pay rise in April 2021 and a further positive pay review took place in November 21 recognising the impact on staff of increasing inflation and higher energy bills. All staff are paid more than the national minimum wage.   In addition to their basic remuneration of pay and pension, each member of staff in head office or branch has had the ability to earn a performance related bonus. The Group has health insurance for its senior management team plus extended company sick pay benefits. All staff benefited from their birthday being an additional day's holiday during the year

Our philosophy with the Long Term Incentive Plan (LTIP) is to be inclusive with wider senior manager participation (now 21 participants). 50% of the LTIP award is based on earnings per share and 50% based on total shareholder return.

The remuneration of the two executive directors is not currently specifically linked to ESG objectives. The Senior Bonus Scheme has various clauses that enables the Remuneration Committee to have discretionary powers over any bonus amounts taking into account all aspects of the business including ESG. All bonus schemes including LTIPs have malus and clawback provisions.

Charitable endeavours

The Group has a program of supporting local and national charities and have used our commercial assets to do this e.g. using our sponsorship of Middlesbrough football club and Sheffield United football club to raise funds for charity. The biggest fund raiser was putting the name of two charities, based locally to Ramsdens head office, on the Middlesbrough shirt. This not only raised great awareness in local and national media, we raised over £18,000 from the sale of the shirts for the charities.

Recent initiatives have involved donations of jewellery for raffle prizes or auction lots, foreign coin collections and a matched funding scheme for staff taking part in local charitable events.

In addition to fundraising, the Group has been using its IT expertise to assist a local hospice improve its IT systems and reporting.

In FY21, the Group has raised or helped charities directly raise almost £17,000.

Supplier relationships including franchisees

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

The Group has three franchisees operating three franchised stores. All franchised businesses are well established and audited quarterly to ensure they meet the standards required by Ramsdens.

GOVERNANCE

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

While we do not believe that we monitor social and human capital issues to a recognised standard we have a substantial suite of policies that include data security, customer privacy, anti-bribery, combatting modern slavery, whistleblowing, staff welfare, anti-money laundering, as well as adhering to all aspects of the FCA's Senior Manager Regime and Conduct Rules.

The Group is a member of the QCA and adopts its code of conduct.

The Nominations Committee undertakes a board effectiveness review every year and as part of that review discusses diversity and independence.

LOOKING AHEAD

While we remain vigilant to the risk of, and speed of, potential new social and travel restrictions being imposed, as we have seen with the recent development of the Omicron coronavirus variant, we look forward with optimism for FY22.

Our foreign currency volumes increased back to approximately 50% of pre pandemic levels in November 2021 and subject to international travel being relatively restriction free, the customer demand for a summer holiday abroad is expected to be high and we hope for a normal summer’s FX trading in 2022. With higher customer footfall to our stores, we would expect our purchase of precious metals to also increase.

Our pawnbroking loan book is rebuilding as customers recommence normal spending habits and have an increased need for short term financial assistance.

We have invested in our retail jewellery, instore and online, over recent years and we still have significant opportunities for further growth and improvement.

The Group has the benefit of diversified income streams and a strong financial base. This gives the Board confidence that we are well-placed to continue to navigate this ongoing transitional period and to deliver on our growth strategy for the long-term benefit of all our stakeholders.

Peter Kenyon
Chief Executive Officer
17 January 2022

FINANCIAL DIRECTOR'S REVIEW

FINANCIAL RESULTS

In 2020 the Group changed its accounting reference date to 30 September which resulted in an 18-month period for FP20, a period which had approximately 12 months of trading pre pandemic and 6 months of significant pandemic impact including various social, travel and trading restrictions. FY21 has continued to be impacted by various levels of restrictions throughout the year. Given the unusual trading conditions, and the prior year comparative period being longer, any comparison across the relative periods would need to carefully factor in the implications of these matters. The table below shows the headline financial results:

£000's	FY21 (12 months)	FP20 (18 months)
Revenue	£40,677	£72,493*
Gross Profit	£22,262	£47,149
Profit Before Tax	£564	£9,221
Net Assets	£36,143	£35,555
Net Cash	£13,032	£15,873
EPS	1.2p	23.1p

*Restated due to an accounting policy change, see page 26

Our FY21 financial year has been severely impacted by the restrictions on international travel and despite an essential services exemption to trade, certain restrictions have been imposed on our instore retail in some parts of the UK. UK lockdowns have also significantly impacted footfall on the high streets during the year. Against this backdrop, the Group has delivered a strong financial performance, achieving revenue of £40.7m. Costs have been well controlled with administration expenses of £21.5m and an overall profit before tax of £0.6m generated. Key points to note are that our foreign currency commission has fallen by c.£10m compared to pre pandemic levels and the Group received £1.6m of Government support, £0.1m has been shown as other income and £1.5m has been shown as a reduction to administrative expenses.

The Group has maintained its strong cash position, with £13m net cash at the year end, and was able to trade without the need to utilise its £10m revolving cash facility at any point during the year.

EARNINGS PER SHARE AND DIVIDEND

The statutory basic and diluted earnings per share for FY21 were both 1.2p, down from 23.1p and 22.5p for the 18-month FP20.

The Board is grateful for the UK Government support during the pandemic and acknowledges the key part this has played during this unprecedented period. Following the end of government support via the furlough scheme and easing of travel restrictions the Board believes the Group is well positioned to move forward with renewed optimism.

The Board has recommended that the Group recommences the payment of dividends with a final dividend of 1.2p being proposed for approval at the forthcoming AGM (FP20 nil). While this represents the full post tax profits for the year, it recognises that the Group's strong cash position is sufficient to deliver on its future growth plans.

As we move forward, the Board would remind investors its long-term dividend policy, subject to the performance of the Group and any growth opportunities that arise, is to distribute approximately 50% of post tax profits to shareholders. It is expected that future dividend dates will be scheduled as September for interim payments and March for final payments, in the approximate proportion of one third and two thirds respectively.

CAPITAL EXPENDITURE

During the reporting period, the Group invested in the store estate by opening new stores and relocating existing stores. Capital expenditure for tangible and intangible assets was £1.6m which mainly reflected the relocation of five stores during the period. One pawnbroking store including its loan book was acquired.

CASH FLOW

The net cash flow from operating activities for the year was £1.1m (FP20: £15.8m) which includes government support of £1.6m (FP20: £3.5m). Cash outflows have included the investments in stock of £4.0m, which has been partially offset by favourable credit terms with suppliers with creditors increasing by £1.2m

The Group renewed its revolving credit facility in March 2021 for a further three years to March 2024. The Group has one covenant of 1.5x cash cover. At 30 September 2021, this facility was undrawn. The cash position and headroom on the bank facility provide the Group with the funds required to continue to deliver its current stated strategy.

Net cash at the period end was £13.0m (FP20: £15.9m).

FINANCIAL POSITION

At 30 September 2021, cash and cash equivalents amounted to £13.0m (FP20 £15.9m) and the Group had net assets of £36.1m (FP20: £35.6m).

TAXATION

The tax charge for the period was £0.2m (FP20: £2.1m) at an effective rate of 33% (FP20 22%). The tax rate was higher than the standard rate mainly due to the timing difference between depreciation charges and capital allowances and non-deductible expenses including the amortisation of certain customer lists. A full reconciliation of the tax charge is shown in note 10 of the financial statements.

SHARE BASED PAYMENTS

The share-based payment expense in the period was £254,000 (FP20: £389,000). This charge relates to the Long-Term Incentive Plans (LTIP), which are discretionary share incentive schemes under which the

Remuneration Committee can grant options to purchase ordinary shares at a nominal 1p per share cost to Executive Directors and other senior management subject to certain performance and vesting conditions.

During the year the LTIP award from 2017 vested in full against the performance condition criteria of the scheme. Of the 805,554 share options that passed the performance conditions, the Group issued 555,554 shares during the year following the exercise of these options by beneficiaries of the scheme. The remaining 250,000 share options continued to be held but not yet exercised.

CHANGE TO ACCOUNTING POLICY

The Group has changed the accounting policy for pawnbroking loans that are in the course of realisation. Previously these assets were recognised as inventory. The updated policy recognises the value of these assets under IFRS 9 as trade receivables. Whilst this change in policy has no effect on the net assets of the Group, a prior period adjustment has been made in the financial statements to reclassify the asset value and to reflect the fact that the proceeds from realisation of security during the period is no longer recognised as revenue, and the inventory cost of the security no longer recognised as a cost of sale. The prior period adjustments to revenue and cost of sales are equal and therefore have no impact on the profit for the period or EPS. Further details are available in note 2 of the financial statements.

GOING CONCERN

The Group has prepared these financial statements with due consideration to the unprecedented impact of COVID-19 on the economy and society. The Board has considered the impact of COVID-19 on each balance sheet item and conducted a going concern review to ensure this basis remains appropriate. The Group has significant cash resources of £13.0m and access to an undrawn £10m revolving credit facility with an expiry date of March 2024.

In the year ended 30 September 2021 the Group traded profitably despite the impact of the pandemic.

The Board has conducted an extensive review of forecast earnings and cash over the next twelve months, considering various scenarios and sensitivities given the ongoing situation with the pandemic and uncertainty around the future economic environment.

The Board has been able to conclude the going concern basis is appropriate in preparing the financial statements.

Martin Clyburn
Chief Financial Officer

Consolidated statement of comprehensive income

For the year ended 30 September 2021

	Notes	12 months to 30 September **2021**	18 months to 30 September **2020** (restated)
		£'000	**£'000**
Revenue	5	40,677	72,493
Cost of sales		(18,415)	(25,344)
Gross profit	5	22,262	47,149
Other income	7	284	725
Administrative expenses		(21,510)	(37,858)
Operating profit		1,036	10,016
Finance costs	6	(472)	(795)
Profit before tax		564	9,221
Income tax expense	10	(198)	(2,103)
Profit for the year / period		366	7,118
Other comprehensive income		-	-
Total comprehensive income		366	7,118
Earnings per share in pence	8	1.2	23.1
Diluted earnings per share in pence	8	1.2	22.5

Consolidated statement of financial position

As at 30 September		2021	2020	As at 1 April 2019
			(restated)	(restated)
Assets	**Notes**	**£'000**	**£'000**	**£'000**
Non-current assets				
Property, plant and equipment	11	5,195	4,845	5,485
Right of use of assets	11	8,164	8,536	9,102
Intangible assets	12	714	870	1,228
Investments	13	-	-	-
Deferred tax assets	10	80	182	281
		14,153	14,433	16,096
Current Assets				
Inventories	15	15,151	11,159	10,607
Trade and other receivables	16	10,379	10,944	12,458
Cash and short term deposits	17	13,032	15,873	13,420
		38,562	37,976	36,485
Total assets		**52,715**	**52,409**	**52,581**
Current liabilities				
Trade and other payables	18	7,673	6,422	6,324
Lease liabilities	18	2,159	2,005	2,165
Interest bearing loans and borrowings		-	-	5,184
Income tax payable	18	61	1,157	689
		9,893	9,584	14,362
Net current assets		**28,669**	**28,392**	**22,123**
Non-current liabilities				
Accruals		-	-	130
Lease liabilities	19	6,442	7,094	7,572
Contract liabilities	19	119	153	-
Deferred tax liabilities	19	118	23	140
		6,679	7,270	7,842
Total liabilities		**16,572**	**16,854**	**22,204**
Net assets		**36,143**	**35,555**	**30,377**
Equity				
Issued capital	21	314	308	308
Share premium		4,892	4,892	4,892
Retained earnings		30,937	30,355	25,177
Total equity		**36,143**	**35,555**	**30,377**

The financial statements of Ramsdens Holdings PLC, registered number 08811656, were approved by the directors and authorised for issue on 17 January 2022 and signed on their behalf by:

M A Clyburn

Consolidated statement of changes in equity

For the period ended 30 September 2021

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 April 2019		308	4,892	25,177	30,377
Profit for the year		-	-	7,118	7,118
Total comprehensive income		-	-	7,118	7,118
Transactions with owners:					
Dividends paid	22	-	-	(2,313)	(2,313)
Share based payments	25	-	-	398	398
Deferred tax on share-based payments		-	-	(25)	(25)
Total transactions with owners		-	-	(1,940)	(1,940)
As at 30 September 2020		308	4,892	30,355	35,555
As at 1 October 2020		308	4,892	30,355	35,555
Profit for the period		-	-	366	366
Total comprehensive income		-	-	366	366
Transactions with owners:					
Dividends paid	22	-	-	-	-
Issue of share capital		6	-	-	6
Share based payments	25	-	-	254	254
Deferred tax on share-based payments		-	-	(38)	(38)
Total transactions with owners		6	-	216	222
As at 30 September 2021		314	4,892	30,937	36,143

Consolidated statement of cash flows

For the period ended 30 September 2021

Operating activities	**Notes**	12 months to 30 September **2021** **£'000**	18 months to 30 September **2020** **(restated)** **£'000**
Profit before tax		564	9,221
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	11	1,074	2,238
Depreciation and impairment of right of use assets	11	2,223	3,523
Profit on disposal of right of use assets	7	(45)	-
Amortisation and impairment of intangible assets	12	218	616
Loss on disposal of property, plant and equipment	7	140	185
Share based payments	25	254	398
Finance costs	6	472	795
Working capital adjustments:			
Movement in trade and other receivables and prepayments		565	1,631
Movement in inventories		(3,992)	(552)
Movement in trade and other payables		1,217	170
		2,690	18,225
Interest paid		(472)	(795)
Income tax paid		(1,135)	(1,678)
Net cash flows from operating activities		1,083	15,752
Investing activities			
Proceeds from sale of property, plant and equipment		10	4
Purchase of property, plant and equipment		(1,574)	(1,787)
Purchase of intangible assets		(62)	(258)
Net cash flows used in investing activities		(1,626)	(2,041)
Financing activities			
Issue of share capital	21	6	-
Dividends paid	22	-	(2,313)
Payment of principal portion of lease liabilities		(2,304)	(3,645)
Bank loans drawn down		-	2,600
Repayment of bank borrowings		-	(7,900)
Net cash flows from financing activities		(2,298)	(11,258)
Net decrease / increase in cash and cash equivalents		(2,841)	2,453
Cash and cash equivalents at 1 October / 1 April		15,873	13,420
Cash and cash equivalents at 30 September	**27**	13,032	15,873

Notes to the consolidated financial statements

Financial information

The financial information set out herein does not constitute the Group's statutory accounts for the year ended September 2021 or the 18 month period to 30 September 2020 within the meaning of sections 434 of the Companies Act 2006, but is derived from those accounts. The audited accounts for the year ended 30 September 2021 will be posted to all shareholders in due course and will be available on the Group's website. Grant Thornton UK LLP have reported on those accounts and expressed an unmodified audit opinion which did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information for the period ended 30 September 2020 is derived from the statutory accounts for that period, which have been delivered to the Registrar of Companies. Ernst & Young LLP have reported on those accounts and expressed an unmodified audit opinion which did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group.

1. Corporate information

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

Following a review, the Group has changed its accounting policy for pawnbroking loans that are in the course of realisation. The Board believes the change in accounting policy gives a more appropriate basis under IFRS 9. The Group previously recognised these assets as inventory, however the revised accounting policy treats all pawnbroking loans as financial assets under IFRS 9, on the basis that the derecognition criteria has not been met and therefore the asset values are classified as trade receivables and are recognised at amortised cost.

When a customer defaults on a pawnbroking loan, the pledged goods held as security are sold to repay the customer debt. At the point the pawnbroking loan becomes past due the loan is classified as in default and interest income is accrued net of expected credit losses per stage 3 of the expected credit loss model. At the start of the realisation process the expected credit loss calculation is re-performed based on the expected cash flows of the retail process, with any increase in expected credit losses recognised as a cost of sale. The expected credit loss calculation is based on an estimate of the time required to sell the pledged goods and an estimate of the retail price achieved, valued at amortised cost under IFRS 9 using the original effective rate of interest. The value of expected credit losses is updated at each reporting date to reflect any change in circumstances.

Under the previous accounting policy the sales proceeds of pledged goods were recognised as revenue and the cost of inventory recognised as a cost of sale under IFRS 15. However, under the new accounting policy the sales proceeds are outside the scope of IFRS 15 and are instead used to repay the trade receivable and therefore only incremental interest earned is recognised on the realisation of the pledged goods.

A prior period adjustment has been made to restate revenue and cost of sales in the Consolidated Income Statement, and to restate Inventories and Trade receivables in the Consolidated Statement of Financial Position. The Consolidated Statement of Cash Flows has also been restated for the prior period to reflect the reclassification of cash movements in Inventories and Receivables.

The prior period adjustment has not changed the Profit for the period, the Group’s Net assets, or the Net Increase in Cash Equivalents for the period.

Note 3.16 details the revenue recognition of all pawnbroking loans including those in the course of realisation, and note 4.1 give further details on the estimates used in the amortised cost valuation.

Note 28 shows the full effect of the prior period adjustments.

Adoption of new and revised standards

At the date of authorisation of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and Interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. The impact of new standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's 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 accounting standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis. 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 IFRS10, 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 Group has prepared the financial statements on a going concern basis, with due consideration to the unprecedented impact of COVID-19 on the economy and society. The Board has considered the impact of COVID-19 on each balance sheet item and conducted a going concern review to ensure this basis remains appropriate.

In the year ended September 2021 the Group generated cash from operations and traded profitably with profit before tax of £0.6m and its £10m debt facility was undrawn.

The Group has significant cash resources at 30 September 2021 of £13m and access to an undrawn £10m revolving credit facility with an expiry date of March 2024. The Group has successfully applied for government support grants including the Coronavirus Job Retention Scheme and Retail Grants. The grant support received in the period to September 2021 was c£1.6m. The Group was awarded business rates relief in respect of a number of its branches.

The Group's activities include services deemed essential services by the government and therefore the Group's stores are able to open in the event of a further lockdown. The Group's essential services include pawnbroking, foreign currency, money transfer and cheque cashing. The Group has a strong asset base and the ability to generate cash quickly through the sale of jewellery stock for its intrinsic value or by restricting new pawnbroking lending.

The Board has conducted an extensive review of forecast earnings and cash for the period to 31 January 2023 considering various scenarios and sensitivities given the COVID-19 situation and uncertainty around the future economic environment.

The Board has been able to conclude that it has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continue to adopt the going concern basis in preparing the financial statements. The going concern assessment covers the period to 31 January 2023.

3.4 Business combinations and goodwill

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

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

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

3.5 Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite and at each date of the statement of financial position only goodwill assets are accorded an indefinite life.

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

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

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

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

3.6 Property, plant and equipment

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

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

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

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

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

3.7 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, which is usually taken to be each individual branch store based on the independence of cash inflows. Central costs and assets are allocated to CGUs based on revenue. These budgets and forecast calculations are estimated for three years and extrapolated to cover a total period of ten years.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

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

Goodwill

Goodwill is tested for impairment at the end of each accounting period 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. Goodwill is allocated to CGUs based on the price paid of the relevant acquisition.

3.8 Inventories

Inventories comprise of 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.

Where the Group takes title to pledged goods on default of pawnbroking loans up to the value of £75, cost represents the principal amount of the loan plus the term interest.

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

3.9 Financial instruments

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

<u>Financial assets</u>

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

Classification of financial assets

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

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

In accordance with IFRS 9 Financial Instruments the Group has classified its financial assets as amortised cost.

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

Cash and cash equivalents

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

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

Impairment of financial assets

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

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

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

The measurement of expected credit losses is a function of the probability of default, and the loss (if any) on default. The assessment of the probability of default is based on current and historical data. The loss on default is based on the assets gross carrying amount less any realisable security held.

When a customer defaults on a pawnbroking loan, the pledged goods held as security are sold to repay the customer debt. At the point the pawnbroking loan becomes past due the loan is classified as in default and interest income is accrued net of expected credit losses per stage 3 of the expected credit loss model. At the start of the realisation process the expected credit loss calculation is re-performed based on the expected cash flows of the retail process, with any increase in expected credit losses recognised as a cost of sale. The expected credit loss calculation is based on an estimate of the time required to sell the pledged goods and an estimate of the retail price achieved, valued at amortised cost under IFRS 9 using the original effective rate of interest. The value of expected credit losses is updated at each reporting date to reflect any change in circumstances.

The expected credit loss calculation considers both the interest income and the capital element of the pawnbroking loans. Details of the key assumptions for pawnbroking expected credit losses are given in note 4.

Derecognition

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

Financial liabilities

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

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

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

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

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

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

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

Derecognition

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

Offsetting of financial instruments

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

3.10 Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at the date of each statement of financial position.

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

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

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

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

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

3.11 Taxation

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

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

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

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

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

3.12 Leases

At interception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

The contract involves the use of an identifier asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either: The Group has the right to operate the asset; or
- The Group designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.13 Provisions

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

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

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

3.14 Pensions and other post-employment benefits

The 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

The group grants equity settled share option rights to the parent entity's equity instruments to certain directors and senior staff members under a LTIP (Long term incentive Plan). The employee share options are measured at fair value at the date of grant by the use of either the Black- Scholes Model or a Monte Carle 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. The expense is recognised in the entity in which the beneficiary is remunerated. Further details are provided in note 25.

3.16 Revenue recognition

The major sources of revenue come from the following:

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

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

Pawnbroking revenue

Revenue from pawnbroking loans comprises interest earned over time 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. When a customer defaults on a pawnbroking loan, the pledged goods held as security are sold to repay the customer debt. At the point the loan becomes overdue the loan is classified as in default and interest income is accrued net of expected credit losses. At the start of the realisation process the expected credit loss calculation is re-performed based on the expected cash flows of the retail process, with any increase in expected credit losses recognised as a cost of sale. Further details of the expected credit loss calculations are provided in note 4.1.

Foreign currency exchange income

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

Sale of precious metals acquired via over the counter purchases

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

Jewellery retail sales

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

Other financial income

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

3.17 Administrative expenses
Administrative expenses includes branch staff and establishment costs.

3.18 Government grants
Government grants that are a contribution to a specific administrative expense are recognised in the income statement as a reduction to administrative expenses in the period to which the expense relates. Other government grants are recognised as other income when there is reasonable assurance that the entity will comply with the conditions and the grants will be received.

The grants recognised in the financial statements all relate to COVID-19 support with job retention scheme support shown net of the wage cost in administrative expenses and retail grants shown as other income. There are no unfulfilled conditions and contingencies attaching to recognised grants.

	2021	2020
	£'000	£'000
Other income	134	725
Administrative expenses	1,472	2,769
Total	1,606	3,494

Any grants recognised in the Statement of Comprehensive Income but not received are included within the Statement of Financial position under Trade and other Receivables

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.

4.1 Key sources of estimation uncertainty

Revenue recognition – pawnbroking loans interest and impairment
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, the ultimate realisation value for the pledge assets supporting those loans and the time taken to realise assets relating to loans in default. An assessment is made on a pledge by pledge basis of the amortised cost value to identify any expected credit losses. The principal estimates within the amortised cost calculation are;

1. Non Redemption Rate - This is based upon current and historical data

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.

3. Time taken to sell assets relating to loans in default – This is based upon current and historical data

See note 14 for further details on pawnbroking credit risk and provision values, including sensitivity

Impairment of property, plant and equipment, right-of-use assets and intangible assets estimate
Determining whether property, plant and equipment, right-of-use 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.

Management have determined that the key sources of estimation uncertainty, to which the impairment analysis of property plant and equipment, right-of-use assets and intangible assets is most sensitive, relate to the following assumptions:

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%.

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. If outcomes within the next financial year are different from the assumptions made in relation to future cash flows, this could lead to a material adjustment to the carrying amount of the assets affected. The carrying amounts for tangible assets, right-of use assets and intangible assets are disclosed in notes 11 &12.

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.

4.2 Significant accounting judgements

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:

Lease term

For leases which contain a break clause an assessment is made on entering a lease on the likelihood that the lease break would be exercised. If the lease break is not expected to be exercised the break clause is ignored in establishing the lease term.

5. Segmental analysis

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

	12 months to 30 September **2021**	18 months to 30 September **2020**
Revenue	**£'000**	**£'000**
United Kingdom	40,665	72,411
Other	12	82
	40,677	72,493

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

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

	12 months to 30 September **2021**	18 months to 30 September **2020** **(restated)**
Revenue	**£'000**	**£'000**
Contracts with customers	33,151	58,027
Pawnbroking interest income	7,526	14,466
	40,677	72,493

Pawnbroking interest income is recognised over time as each loan progresses whereas all other revenue is recognised at a point in time.

Revenue	12 months to 30 September **2021** £'000	18 months to 30 September **2020** **(restated)** £'000
Pawnbroking	7,526	14,466
Purchases of precious metals	10,369	23,024
Retail Jewellery sales	18,252	17,109
Foreign currency margin	3,408	14,859
Income from other financial services	1,122	3,035
Total revenue	40,677	72,493
Gross profit		
Pawnbroking	6,678	12,248
Purchases of precious metals	4,240	9,856
Retail Jewellery sales	6,965	7,701
Foreign currency margin	3,257	14,859
Income from other financial services	1,122	2,485
Total gross profit	22,262	47,149

	12 months to 30 September 2021 £'000	**12 months to 30 September 2020 £'000**
Total gross profit	22,262	47,149
Other income	284	725
Administrative expenses	(21,510)	(37,858)
Finance costs	(472)	(795)
Profit before tax	564	9,221

Income from other financial services comprises of cheque cashing fees, agency commissions on miscellaneous financial products. Revenue from the purchases of precious metals is currently from one bullion dealer. There is no reliance on key customers in other revenue streams.

The Group is unable to meaningfully allocate administrative expenses, or financing costs or income between the segments. Accordingly, the Group is unable to meaningfully disclose an allocation of items included in the Consolidated Statement of Comprehensive income below Gross profit, which represents the reported segmental results.

In addition to the segmental reporting on products and services the Group also manages each branch as a separate CGU and makes local decisions on that basis.

Other information	**2021 £'000**	**2020 £'000**
Tangible & intangible capital additions (*)	1,636	2,045
Depreciation and amortisation (*)	3,515	6,377

Assets		
Pawnbroking	9,173	9,685
Purchase of precious metals	1,172	1,664
Retail Jewellery sales	14,306	9,707
Foreign currency margin	5,314	5,692
Income from other financial services	139	145
Unallocated (*)	22,611	25,516
	52,715	52,409

Liabilities		
Pawnbroking	492	375
Purchase of precious metals	21	3
Retail Jewellery sales	3,433	2,130
Foreign currency margin	1,335	471
Income from other financial services	541	438
Unallocated (*)	10,750	13,437
	16,572	16,854

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

6. Finance costs

	12 months to 30 September **2021** **£'000**	18 months to 30 September **2020** **£'000**
Interest on debts and borrowings	84	181
Lease charges	388	614
Total finance costs	472	795

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

	12 months to 30 September **2021** **£'000**	18 months to 30 September **2020** **£'000**
Items reported within Other income -		
Compensation for surrendering a lease	(150)	-
Retail grants	(134)	(725)
Items reported within Cost of sales -		
Cost of inventories recognised as an expense	17,416	22,576
Pawnbroking expected credit losses	848	2,218
Items reported within Administrative expenses -		
Depreciation of property, plant and equipment	1,073	2,004
Impairment of property, plant and equipment	1	234
Depreciation of right of use of assets	2,223	3,483
Impairment of right of use of assets	-	40
Profit on disposal of right of use assets	(45)	-
Amortisation of intangible assets	172	524
Impairment of intangible assets	46	92
Loss on disposal of property, plant and equipment	140	185
Staff costs (see note 9)	11,452	19,374
Foreign currency exchange losses/(gains)	135	212
Auditor's remuneration	140	189
Short term lease payments	441	296
Share based payments (see note 25)	254	398

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

8. Earnings per share

	12 months to 30 September **2021** **£'000**	18 months to 30 September **2020** **£'000**
Profit for the period/ year	366	7,118
Weighted average number of shares in issue	31,161,726	30,837,653
Earnings per share (pence)	1.2	23.1
Weighted average number of dilutive shares	481,481	805,554
Effect of dilutive shares on earnings per share (pence)	(0.0)	(0.6)
Fully Diluted earnings per share (pence)	1.2	22.5

9. Information regarding directors and employees

Directors' emoluments (£'000)

	12 months to 30 September 2021				18 months to 30 September 2020			
	Emoluments	Pension	LTIP	Total	Emoluments	Pension	LTIP	Total
Executive								
Peter Kenyon	201	10	-	211	361	15	-	376
Martin Clyburn	134	13	204	351	253	21	-	274
Non Executive								
Andrew Meehan	66	-	-	66	99	-	-	99
Simon Herrick	48	-	-	48	72	-	-	72
Steve Smith	40	-	-	40	60	-	-	60
Total	489	23	204	716	845	36	-	881

	12 months to 30 September **2021** **£'000**	18 months to 30 September **2020** **£'000**
Included in administrative expenses:		
Wages and salaries	10,011	16,852
Social security costs	856	1,665
Share option scheme	254	398
Pension costs	331	459
Total employee benefits expense	11,452	19,374

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

	12 months to 30 September **2021** **No.**	18 months to 30 September **2020** **No.**
Head Office and management	106	103
Branch Counter staff	586	647
	692	**750**

10. Income Tax

The major components of income tax expense are:

Consolidated statement of comprehensive income

	12 months to 30 September **2021** **£'000**	18 months to 30 September **2020** **£'000**
Current income tax:		
Current income tax charge	32	2,060
Adjustments in respect of current income tax of previous year	7	86
	39	2,146
Deferred tax:		
Relating to origination and reversal of temporary differences	159	(43)
Income tax expense reported in the statement of comprehensive income	198	2,103

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

	12 months to 30 September **2021** **£'000**	18 months to 30 September **2020** **£'000**
Profit before income tax	564	9,221
UK corporation tax rate at 19% (2020 19%)	107	1,752
Expenses not deductible for tax purposes	84	265
Prior period adjustment	7	86
Income tax reported in the statement of comprehensive income	198	2,103

Deferred tax
Deferred tax relates to the following:

	2021 **£'000**	**2020** **£'000**
Deferred tax assets		
Share based payments	80	182
Deferred tax assets	80	182
Deferred tax liabilities		
Accelerated depreciation for tax purposes	112	13
Other short-term differences	6	10
Deferred tax liabilities	118	23

Reconciliation of deferred tax (asset) / liabilities net

	2021	2020
	£'000	£'000
Opening balance as of 1 October / 1 April	(159)	(141)
Deferred tax recognised in the statement of comprehensive income	159	(43)
Other deferred tax	38	25
Closing balance as at 30 September	38	(159)

Factors affecting tax charge

The standard rate of UK corporation tax for the period was 19% (2020: 19%). An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

11. Property, plant and equipment

	Freehold property	Leasehold improvements	Fixtures & Fitting	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 October 2020	-	6,099	3,533	715	40	10,387
Additions	210	796	400	141	27	1,574
Disposals	-	(539)	(304)	(16)	(14)	(873)
At 30 September 2021	210	6,356	3,629	840	53	11,088
Depreciation						
At 1 October 2020	-	3,439	1,680	403	20	5,542
Depreciation charge for the year	2	547	422	95	7	1,073
Impairment	-	-	1	-	-	1
Disposals	-	(468)	(236)	(12)	(7)	(723)
At 30 September 2021	2	3,518	1,867	486	20	5,893
Net book value						
At 30 September 2021	208	2,838	1,762	354	33	5,195
At 30 September 2020	-	2,660	1,853	312	20	4,845

Right of Use of Assets

Cost	Leasehold Property	Motor Vehicles	Total
At 1 October 2020	11,758	301	12,059
Additions	2,504	2	2,506
Disposals	(1,343)	(129)	(1,472)
At 30 September 2021	12,919	174	13,093
Depreciation			
At 1 October 2020	3,360	163	3,523
Depreciation Charge for the year	2,128	95	2,223
Disposals	(688)	(129)	(817)
At 30 September 2021	4,800	129	4,929
Net Book Value			
At 30 September 2021	8,119	45	8,164
At 30 September 2020	8,398	138	8,536

12. Intangible assets

	Customer relationships £'000	Website £'000	Goodwill £'000	Total £'000
Cost				
At 1 October 2020	2,130	92	526	2,748
Additions	49	13	-	62
At 30 September 2021	2,179	105	526	2,810
Amortisation				
At 1 October 2020	1,730	75	73	1,878
Amortisation charge for the year	162	10	-	172
Impairment	46	-	-	46
At 30 September 2021	1,938	85	73	2,096
Net book value				
At 30 September 2021	241	20	453	714
At 30 September 2020	400	17	453	870

Customer relationship additions relate to £49,000 paid for the pawnbroking customer lists purchased during the period

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 undertaking			
Ramsdens Financial Limited (Registered office: Unit 16 Parkway Centre, Coulby Newham, TS8 0TJ)	Ordinary Shares	100%	Supply of foreign exchange services, pawnbroking, purchase of gold jewellery, jewellery retail and related financial services.

14. Financial assets and financial liabilities

At 30 September 2021	Fair value through statement of comprehensive income	Loans and receivables	Financial liabilities at amortised cost	Book Value	Fair Value
	£'000	£'000	£'000	£'000	£'000
Financial assets					
Financial assets at amortised cost	-	9,723	-	9,723	9,723
Cash and cash equivalents	-	13,032	-	13,032	13,032
Financial liabilities					
Trade and other payables	-	-	(7,514)	(7,514)	(7,514)
Lease liabilities	-	-	(8,601)	(8,601)	(8,601)
Net financial assets/(liabilities)	**-**	**22,755**	**(16,115)**	**6,640**	**6,640**

At 30 September 2020	Fair value through statement of comprehensive income	Loans and receivables	Financial liabilities at amortised cost	Book Value	Fair Value
	£'000	£'000	£'000	£'000	£'000
Financial assets					
Financial assets at amortised cost	-	10,321	-	10,321	10,321
Cash and cash equivalents	-	15,873	-	15,873	15,873
Financial liabilities					
Trade and other payables	-	-	(6,083)	(6,083)	(6,083)
Lease liabilities	-	-	(9,099)	(9,099)	(9,099)
Net financial assets/(liabilities)	**-**	**26,194**	**(15,182)**	**11,012**	**11,012**

Financial assets at amortised cost shown above comprises trade receivables, other receivables and pledge accrued income as disclosed in note 16.

Trade and other payables comprise of trade payables, other payables as disclosed in notes 18 & 19

Loans and receivables are non-derivative~~s~~ 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.

Financial Risks

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

Credit risk

Pawnbroking loans

Pawnbroking loans are not credit impaired at origination as customers are expected to repay the capital plus interest due at the contractual term. The Group is exposed to credit risk through customers defaulting on their loans. 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 of pawnbroking receivables.

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

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

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

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

The Group continually monitors, at both store and at Board level, its internal controls to ensure the adequacy of the pledged items. The key aspects of this are:

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

Expected Credit losses

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

	2021			2020		
	Gross amount	**Loss allowance**	**Net carrying amount**	**Gross amount**	**Loss allowance**	**Net carrying amount**
Category	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Performing	6,747	173	6,574	5,553	127	5,426
In default	3,127	528	2,599	5,653	1,394	4,259
Total	9,874	701	9,173	11,206	1,521	9,685

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

	Pawnbroking loans
	£'000
At 1 April 2019	713
Statement of comprehensive income charge	2,218
Utilised in the period	(1,410)
At 30 September 2020	1,521
Statement of comprehensive income charge	847
Utilised in the period	(1,667)
Balance at 30 September 2021	701

Expected credit losses were high in 2020 due to higher than usual past due pawnbroking loans which is a result of the Group's decision to offer further time to customers before commencing the realisation process in line with FCA guidance following the impact of COVID19. The position has normalised by 30 September 2021.

A 1% increase/(decrease) in the Group's redemption ratio is a reasonably possible variance based on historical trends and would result in an impact on Group pre-tax profit of £6k/(£6k).

A one month increase/(decrease) in the Group's estimate of the expected time to sell pledge goods in the course of realisation from the balance sheet date is a reasonably possible variance based on historical trends and would result in an impact on Group pre-tax profit of (£80k)/£80k.

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

	2021	**2020**
	£'000	**£'000**
Within contractual term	5,601	4,989
Past due	536	1,559
	6,137	6,548

Cash and cash equivalents
The cash and cash equivalents balance comprise of 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. 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 IFRS 9, 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.

The foreign exchange cash held in store is exposed to the risks of currency fluctuations. The value exposed is mainly in Euro and US dollars. There is the daily risk of buying today, receiving the currency the next day, and subsequently selling it and being susceptible to movements in the exchange rate. The Company uses monthly forward contracts to hedge against adverse exchange rate movements in its two key currencies, Euros and US dollars. There are no contracts in place at the year end.

Liquidity risk
Cash and cash equivalents
Bank balances are held on short term / no notice terms to minimise liquidity risk.

Trade and other payables
Trade and other payables are non-interest bearing and are normally settled on 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:

As at 30 September 2021	<3 months	3-12 months	1-5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000
Lease Liabilities	621	1,757	5,388	2,579	10,345
Trade payables	5,406	-	-	-	5,406
Total	6,027	1,757	5,388	2,579	15,751

As at 30 September 2020	<3 months	3-12 months	1-5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000
Lease Liabilities	442	2,006	5,642	2,369	10,459
Trade payables	3,153	-	-	-	3,153
Total	3,595	2,006	5,642	2,369	13,612

Although the Group is currently not utilising its bank facility, the interest charged on bank borrowings is based on a fixed percentage above LIBOR. There is therefore a cash flow risk should there be any upward movement in LIBOR rates and in the event that the Group requires to utilise the borrowing facility. Assuming the £10million revolving credit facility was fully utilised then a 1% increase in the LIBOR rate would increase finance costs by £100,000 pre-tax and reduce post-tax profits by £81,000.

15. Inventories

	2021	**2020**
	£'000	**£'000**
New and second hand inventory for resale (at lower of cost or net realisable value)	15,151	11,159

16. Trade and other receivables

	2021	**2020**
	£'000	**£'000**
Trade receivables – Pawnbroking	9,173	9,685
Trade receivables – other	489	372
Other receivables	61	264
Prepayments	656	623
	10,379	10,944

Pawnbroking accrued income is disclosed net of expected credit losses, details of which are shown in note 14.

17. Cash and cash equivalents

	2021	2020
	£'000	£'000
Cash and cash equivalents	13,032	15,873

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

Further details on financial instruments, including the associated risks to the Group and allowances for expected credit losses is provided in note 14.

18. Trade and other payables (current)

	2021	2020
	£'000	£'000
Trade payables	5,406	3,153
Other payables	767	594
Other taxes and social security	277	566
Accruals	1,170	2,069
Contract liabilities	53	40
Subtotal	7,673	6,422
Lease liabilities	2,159	2,005
Income tax liabilities	61	1,157
	9,893	9,584

Terms and conditions of the above financial liabilities:

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

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

Bank borrowings

The RCF facility was renewed during 2021 an option agreement for a term for a further 3 years. Details of the facility are as follows:

Key Term	Description
Facility	Revolving Credit Facility with Clydesdale Bank Plc (trading as Yorkshire Bank)
Total facility size	£10m
Termination date	March 2024.
Utilisation	The £10m facility is available subject to the ratio of cash at bank and in hand (inclusive of currency balances) to the RCF borrowing exceeding 1.5 as stipulated in the banking agreement
Interest	Interest is charged on the amount drawn down at 2.4% above LIBOR rate when the initial drawdown is made and for unutilised funds interest is charged at 0.84% from the date when the facility was made available. The LIBOR rate is reset to the prevailing rate at every interest period which is typically one and three months.

Interest Payable	Interest is payable at the end of a drawdown period which is typically between one and three months.
Repayments	The facility can be repaid at any point during its term and re-borrowed,
Security	The facility is secured by a debenture over all the assets of Ramsdens Financial Ltd and cross guarantees and debentures have been given by Ramsdens Holdings PLC.
Undrawn facilities	At 30 September 2021 the group had available £10m of undrawn committed facilities.

19. Non-current liabilities

	2021	2020
	£'000	£'000
Lease liabilities	6,442	7,094
Contract liabilities	119	153
Deferred tax (note 10)	118	23
	6,679	7,270

20. Lease Liability

	2021	2020
	£'000	£'000
Lease Liabilities as at 1 October / 1 April	9,099	9,737
Additions	2,506	3,304
Disposals	(700)	(297)
Interest	388	614
Payments	(2,692)	(4,259)
As at 30 September	8,601	9,099
Current lease liability	2,159	2,005
Non-current lease liability	6,442	7,094

The cash flows relating to financing activities for repayment of lease principal amounts is £2,304,000 (2020: £3,645,000). Amounts repaid in the year are shown in the consolidated Statement of Cash Flows.

Short term lease payments recognised in administrative expenses in the year total £441,000 (2020: £296,000). The maturity analysis of lease liabilities is disclosed in note 14, the finance cost associated with lease liabilities is disclosed in note 6, and the depreciation and impairment of right-of-use assets associated with lease liabilities are disclosed is note 11.

21. Issued capital and reserves

Ordinary shares issued and fully paid	**No.**	**£'000**
At 30 September 2020	30,837,653	308
Issued during the year	555,554	6
At 30 September 2021	31,393,207	314

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 cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group has a debt facility as disclosed in note 18 but the facility was undrawn at the end of the period.

22. Dividends

Amounts recognised as distributions to equity holders in the year:

	2021 £'000	2020 £'000
No final dividend for the year ended 30 September 2020 (31 March 2019 of 4.8p per share)	-	1,480
No interim dividend for the period ended 30 September 2021 (30 September 2020 of 2.7p per share)	-	833
	-	2,313
Amounts proposed and not recognised:		
Final dividend for the year ended 30 September 2021 (No final dividend for 30 September 2020)	408	-

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

23. 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 30 September 2021 are £57,000 (2020: £57,000)

24. Related party disclosures

Ultimate controlling party

The Company has no controlling party.

Transactions with related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

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

	12 months to 30 September 2021 £'000	18 months to 30 September 2020 £'000
Short term employee benefits	688	1,183
Post employment benefits	39	61
Share based payments	139	240
	866	1,484

25. Share based payments

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

	12 months to 30 September 2021 £'000	18 months to 30 September 2020 £'000
LTIP	254	398

The LTIP is a discretionary share incentive scheme under which the Remuneration Committee of Ramsdens Holdings PLC can grant options to purchase ordinary shares at nominal 1p per share cost to Executive Directors and other senior management. A reconciliation of LTIP options is set out below:

	Number of conditional Shares	Weighted average exercise price in pence
Outstanding at the beginning of the year	1,025,554	-
Granted during the period	462,500	-
Forfeited during the period	-	-
Exercised during the period	(555,554)	1
Outstanding at the end of the period	932,500	

The options vest according to the achievement against two criteria

Total Shareholder Return – TSR – 50% of options awarded

Earnings per Share - EPS – 50% of options awarded

The Fair value of services received in return for share options granted is based on the fair value of share options granted and are measured using the Monte Carlo method for TSR performance condition as this is classified as a market condition under IFRS2 and using the Black Scholes method 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:

	TSR Condition	EPS Condition	TSR Condition	EPS Condition	TSR Condition	EPS Condition
Model	Monte Carlo	Black Scholes	Monte Carlo	Black Scholes	Monte Carlo	Black Scholes
Grant Date	08/02/2021	08/02/2021	16/07/2019	16/07/2019	02/07/2018	02/07/2018
Share Price	£1.48	£1.48	£1.88	£1.88	£1.75	£1.75
Exercise Price	£0.01	£0.01	£0.01	£0.01	£0.01	£0.01
Vesting period	2.64 years	2.64 years	2.71 years	2.71 years	2.75 years	2.75 years
Risk Free return	0.01%	0.01%	0.5%	0.5%	0.7%	0.7%
Volatility	51%	51%	26%	26%	30%	30%
Dividend Yield	0.0%	0.0%	3.9%	3.9%	4.0%	4.0%
Fair value of Option (£)	0.64	1.47	0.52	1.68	0.46	1.56

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.

26. Post Balance Sheet Events
There were no post balance sheets events that require further disclosure in the financial statements.

27. Cash and cash equivalents

	30 September 2021	30 September 2020
	£'000	£'000
Sterling cash and cash equivalents	7,747	10,204
Other currency cash and cash equivalents	5,285	5,669
	13,032	15,873

28. Prior period adjustment

Following a review, the Group has changed its accounting policy for pawnbroking loans in the course of realisation, on the basis that the derecognition criteria under IFRS9 has not been met. Note 2 provides further details of this change. The change in accounting policy has resulted in a prior period adjustment to previously reported results as follows:

Consolidated statement of comprehensive income
For the 18 month period ended 30 September 2020

	Reported	Adjustment	Restated
	£'000	£'000	£'000
Revenue	76,938	(4,445)	72,493
Cost of sales	(29,789)	4,445	(25,344)
Gross profit	47,149	-	47,149
Other income	725	-	725
Administrative expenses	(37,858)	-	(37,858)
Operating profit	10,016	-	10,016
Finance costs	(795)	-	(795)
Profit before tax	9,221	-	9,221
Income tax expense	(2,103)	-	(2,103)
Profit for the year / period	7,118	-	7,118
Other comprehensive income	-	-	-
Total comprehensive income	7,118	-	7,118

Restated consolidated statement of financial position

	As at 30 September 2020			As at 01 April 2019		
	Reported	Adjustment	Restated	Reported	Adjustment	Restated
Assets	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-current assets	14,433	-	14,433	16,096	-	16,096
Current Assets						
Inventories	13,360	(2,201)	11,159	12,658	(2,051)	10,607
Trade and other receivables	8,743	2,201	10,944	10,407	2,051	12,458
Cash and short term deposits	15,873	-	15,873	13,420	-	13,420
	37,976	-	37,976	36,485	-	36,485
Total assets	**52,409**	**-**	**52,409**	**52,581**	**-**	**52,581**
Current liabilities	9,584	-	9,584	14,362	-	14,362
Net current assets	**28,392**	**-**	**28,392**	**22,123**	**-**	**22,123**
Non-current liabilities	7,270	-	7,270	7,842	-	7,842
Total liabilities	**16,854**	**-**	**16,854**	**22,204**	**-**	**22,204**
Net assets	**35,555**	**-**	**35,555**	**30,377**	**-**	**30,377**

Restated consolidated statement of cash flows

For the period ended 30 September 2020

Operating activities	**Reported £'000**	**Adjustment £'000**	**Restated £'000**
Profit before tax	9,221	-	9,221
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	2,238	-	2,238
Depreciation and impairment of right of use assets	3,523	-	3,523
Profit on disposal of right of use assets	-	-	-
Amortisation and impairment of intangible assets	616	-	616
Loss on disposal of property, plant and equipment	185	-	185
Share based payments	398	-	398
Finance costs	795	-	795
Working capital adjustments:			
Movement in trade and other receivables and prepayments	1,781	(150)	1,631
Movement in inventories	(702)	150	(552)
Movement in trade and other payables	170	-	170
	18,225	-	18,225
Interest paid	(795)	-	(795)
Income tax paid	(1,678)	-	(1,678)
Net cash flows from operating activities	15,752	-	15,752
Net cash flows used in investing activities	(2,041)	-	(2,041)
Net cash flows from financing activities	(11,258)	-	(11,258)
Net decrease / increase in cash and cash equivalents	2,453	-	2,453