

Increased loan books and growing retail sales reported across the country

According to latest trading figures released by three of Britain's largest pawnbroking and retail jewellery companies, business confidence is on the increase.

In February, at its Annual General Meeting, Ramsdens Financial said in a trading update for the period 1st October to 29th February, its pawnbroking loan book increased £0.4m, reaching £10.7m compared to £10.3m at 30th September last year.

Despite jewellery retail revenue remaining relatively stable compared to last year, the company did report a marked increase in sales of higher-margin second-hand and diamond jewellery alongside a decrease in sales of premium watches.

Overall jewellery retail gross profit was up for the period by around 5% compared to the previous year. Precious metals gross profit saw a significant upturn of around 20%. This was attributed to growing consumer awareness of the service, and a relatively high gold price.

During February, the company opened two new stores (Romford and Burnley) bringing the total number of new stores opened during the period to five. As at the end of February, Ramsdens total estate comprised of 167 stores, including two franchised stores.

According to Peter Kenyon, Chief Executive: "Trading during the Period has remained strong and in line with the board's expectations as we continue to benefit from a diversified business model and trusted consumer brand.

"Foreign currency gross profit increased around 3% year-on-year with encouraging momentum building ahead of the key summer trading period.

"We have also secured a new £15m revolving credit facility (RCF) with Bank of Scotland PLC with a 5-year term, which replaces the £10m RCF with Virgin Money on more attractive terms. The board remains highly confident in the Group's continued growth prospects and its expectations for the current financial year."

A similar pattern was reflected in strong full-year results from H&T Group. These highlight increased demand for its pawnbroking services amid, what it describes as "economic conditions and limited borrowing options."

Chief Executive, Chris Gillespie highlighted that its typical customer borrows usually £200 or less, with a noticeable rise

in business owners using pawnbroking services for working capital or investment. January 2024 marked a record month for lending demand, he added.

The company recently acquired Maxcroft Securities to enhance its service for business customers, leveraging Maxcroft's specialisation in loans secured against personal assets for business purposes. The acquisition aims to build on the already existing portion of H&T's lending book dedicated to business loans, spread across 280 shops.

Financially, H&T Group experienced a 42% increase in post-tax profits and a 28% growth in its pledge book. Despite facing challenges in retail, especially over the Christmas period, the company managed to grow its core business and increased the dividend by 13%.

It addressed the retail challenge by adapting to customer preferences for lower-priced, pre-owned items, which typically offer higher margins.

Additionally, H&T Group ended the period with a strong balance sheet, with a net asset value of £177m, up 8%, and around £30m in net debt.

The company anticipates continued robust demand for its pawnbroking services and sees positive momentum in its foreign currency and holiday money business going into 2024. Growth strategies include organic expansion and potential acquisitions.

The third national business to issue a trading report, Cash Converters UK Holdings revealed a 13% increase in year-on-year activity and net assets of £11m. Turnover in the year continued to grow, attributed to an increase in e-commerce fees and the annual CPI service fee increase.

The group continues to maintain a strong franchise presence in the UK with 184 franchised stores across 34 franchisees. One new store was opened in 2023 while six were closed. The group announced it will look to continue growth plans this year to replace those store closures and then expand the network of stores with the current franchisees.

As forecast, the business is expecting to see a positive, year-on-year growth in profit for the franchise and store operations over the next five years. This, the board say, will be driven by the opening of new stores by the existing franchise operators.

The acquisition of Capital Cash Ltd, now named Cash Converters (UK) Stores Ltd, last July contributed to the increased profitability of the group. It is forecasting to be cash generative from trading this year.

According to Carl Murray, Chief Executive, the group has sufficient cash at the bank to cover any foreseeable liabilities that may arise. The consolidated cash balance as at 28th February 2024 was £2.6m.

Business is booming for Prestige Pawnbrokers

Business owners struggling in the grip of a financial crisis, are helping boost turnover and profits for Prestige Pawnbrokers.

According to a recent report in the Daily Mirror, restaurant and bar owners are turning to pawn 'highly personal' and 'sentimental' items to help them pay the bills.

James Constantinou, Director, said his business was being flooded with treasured belongings such as classic cars worth £70,000 and Rolex watches worth £10,000.

He said he had been seeing a lot of clients from the restaurant and bar industry, who were fighting to cope with increased energy bills and record levels of staff wages.

"People are coming into us with items that are clearly personal and have deep sentimental meaning."

In recent months James says he has been offered anything from a mini submarine, planes and yachts to a Swarovski Crystal drum kit used on a Kylie Minogue tour. He added that Prestige tries not to sell people's possessions, pushing clients to pawn their treasured items.

"February was an amazing month for the business. We were seeing a lots of high numbers. Last year it was £2,000-£3,000 and £15,000-£20,000, but recently I had a customer who wanted to borrow £1m.

"We don't see those sorts of numbers every day, but in the past month or so, I've been getting one every other day," he told the Daily Mirror.

"Pawnbroking is an option that many consumers, whether business owners or individuals, choose to use. It is certainly gathering pace for us and we are happy to offer our services to help them get through their financial hotspots."

James explained that one of his clients runs 17 restaurants and is "facing record levels of staffing pay." James went on to say that his client just can't find the staff and when he does find them, he's got to pay the earth and it's really eaten into his margins. James added that with the increasing fuel bills as well, he's been kicked in the teeth from every angle.

James also told the paper that his client "is struggling to get people to work, he's struggling to meet demands of their pay and with the cost of living and fuel crisis he's paying another 60% on top to run his restaurants".

James also described hearing people saying it's virtually "impossible" to get business loans out of the banks and if you can, it simply takes months."



James Constantinou.

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