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COMPANY NUMBER
342025
England and Wales

S & U PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST JANUARY, 1998



Alkin Fine & Co
Chartered Accountants and Registered Auditor
Alfin House
57/59 Warwick Road
Birmingham
B11 4RB

S & U PLC

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FOR THE YEAR ENDED 31ST JANUARY, 1998

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S & U PLCCOMPANY INFORMATION

Directors	D.M.Coombs. Managing Director) Joint C.K.Coombs B.Com., F.S.C.A.) Chairmen G.D.C.Coombs, M.A. (Oxon) M.Sc. (Lon) R.E.J.Fisher, F.C.A. A.M.V.Coombs, M.A. (Oxon) K.J.Baddeley (Non-Executive)
Secretary	E.D.Maiden
Registered office	Royal House Prince's Gate Homer Road Solihull West Midlands B91 3QQ
Registrars	Independent Registrars Group Limited Balfour House 390/398 High Road Ilford Essex IG1 1NQ
Auditors	Alkin Fine & Co. Chartered Accountants and Registered Auditor Alfin House 57 - 59 Warwick Road Birmingham B11 4RB
Bankers	Midland Bank PLC 130 New Street Birmingham B2 4JU
Solicitors	Edge & Ellison Rutland House 148 Edmund Street Birmingham B3 2JR
Company number	342025 England and Wales

S & U PLCREPORT OF THE DIRECTORS

The directors present their annual report and audited accounts for the year ended 31st January, 1998.

PRINCIPAL ACTIVITY

The principal activity of the company is that of consumer credit, which includes financial services, hire purchase and sale of household merchandise.

RESULTS AND DIVIDENDS

The results for the year after taxation and the appropriation thereof, are set out in the profit and loss account on page 9. An interim ordinary dividend of £528,175 was paid during the year and the directors propose the payment of a final dividend of £1,701,898. Retained profit for the year of £1,432,186 (1997 £629,643) was transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors in office at the date of this report are listed on page 1.

The directors retiring are Messrs C.K.Coombs and K.J.Baddeley, both having attained the age of 70, and who, being eligible offer themselves for re-election at the forthcoming annual general meeting. Mr.A.M.V.Coombs, who was appointed as a director on 1st July 1997, retires at the forthcoming annual general meeting and, being eligible offers himself for re-election. None of these directors has a service contract with the company. Miss T.J.Ambler resigned as a director on 28th February 1998.

The beneficial interests of the directors and their immediate families in the shares of the company are as follows:-

	At 31st January 1998		At 31st January 1997	
	31.5%		31.5%	
	Preference	Ordinary	Preference	Ordinary
D.M.Coombs	70,000	1,624,741	70,000	2,414,741
C.K.Coombs	14,225	2,146,129	14,225	2,241,129
G.D.C.Coombs	-	365,310	-	255,310
R.E.J.Fisher	2,000	16,940	2,000	16,940
A.M.V.Coombs	-	338,110	-	338,110*
Miss T.J.Ambler	-	3,920	-	3,920

*at date of appointment

In addition, Mr. D.M.Coombs has a non-beneficial interest in 400,000 (1997-nil) ordinary shares.

There were no changes to the directors' interests above between 31st January 1998 and 24th April 1998.

Grevayne Properties Ltd., a company of which Messrs G.D.C.Coombs and A.M.V.Coombs are directors and shareholders, owned 248,048 ordinary shares in the company at 31st January 1998 (1997 248,048 shares).

S & U PLCREPORT OF THE DIRECTORS (Continued)**SUBSTANTIAL SHAREHOLDINGS**

As at 24th April 1998, the company had been notified of the following interests of 3% or more in its issued ordinary share capital:-

Shareholder	Number of Shares	% of Share Capital
Wiseheights Limited	2,420,000	20.62
Pierrette Limited	385,687	3.29

CORPORATE GOVERNANCE**Compliance**

The company has made every effort to comply throughout the year with all the recommendations of the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance except:

The code requires the company to have an audit committee of at least three non-executive directors. During the year to 31st January 1998, the company had only one non-executive director, because of the view of the board that on account of its size the company did not need more. The board intends to move towards compliance during the coming year with the appointment of further non-executive directors. For the reason of size referred to above, it did not separate the roles of joint chairman and chief executive or to establish a remuneration committee. All these matters will however be kept under review by the board particularly after completion of the Stock Exchange consultation period regarding the Hampel report.

Internal Financial Control

The directors acknowledge that they are responsible for the company's system of internal financial control which provides reasonable assurance that the company's assets are safeguarded, that proper accounting records are maintained and that financial information used in the business and for publication is reliable. The directors have established procedures to provide safeguards as to the reliability of the accounts, to safeguard assets, and to prevent and detect fraud and other irregularities. These include establishing a management structure which clearly defines roles, responsibilities and reporting lines; monthly reporting of financial information to management and capital expenditure approval procedures. In addition there are internal checks carried out by a dedicated compliance team reporting separately from the main operational command chain.

The directors have reviewed the effectiveness of the system of internal financial control during the year. They recognise that any system of internal financial control can provide only reasonable and not absolute assurance against material mis-statement or loss.

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The company has not asked the auditors to express a separate additional opinion on the directors' statement on the effectiveness of either the company's system of internal financial control or corporate governance procedures. However, the auditors, Alkin Fine & Co., have confirmed that the directors' statements on internal financial control and going concern provide the disclosures required by the London Stock Exchange Listing Rules

S & U PLCREPORT OF THE DIRECTORS (Continued)**GOING CONCERN (CONTINUED)**

and such statements are not inconsistent with the information of which they are aware based on their normal audit work on the financial statements, and that the directors' statement on page 3 on corporate governance appropriately reflects the company's compliance with the other paragraphs of the code specified for their review.

DIRECTORS' REMUNERATION

The board itself determines the company's policy on executive directors' remuneration. In forming its remuneration policy the board has given full consideration to Section B of the Best Practice Provisions annexed to the Listing Rules. The company's policy on the remuneration structure is as follows:-

- a. Basic salary is considered in relation to comparable positions in the financial sector and are reviewed annually.
- b. Taxable benefits in the main include company car plus related expenses and medical insurance.

Fees of £10,000, determined by the board, were paid to the non-executive director by a subsidiary undertaking of the company. The non-executive director does not have a service contract with the company.

Mr. R.E.J.Fisher has a service contract which is terminable by him on six months notice or by the company giving three years notice.

The company has not complied with Section A of the Best Practice provisions annexed to the London Stock Exchange Listing Rules relating to remuneration committees. Because of its size and constitution of the board it is not appropriate for the company to form a remuneration committee.

Directors' detailed emoluments

	Salary	Benefits	1998 Total	1997 Total	Pension 1998	Contribs 1997
	£	£	£	£	£	£
Executive						
*D.M.Coombs	160,000	11,543	171,543	151,300		3,564
*C.K.Coombs	160,000	11,340	171,340	160,061		
G.D.C.Coombs	114,167	7,000	121,167	112,000		
R.E.J.Fisher	84,583	7,862	92,445	87,325	11,550	10,850
A.M.V.Coombs	58,333	-	58,333	-		
T.J.Ambler	28,250	2,230	30,480	31,208		
	-----	-----	-----	-----	-----	-----
1998 Total	605,333	39,975	645,308	541,894	11,550	14,414
	=====	=====	=====	=====	=====	=====
1997 Total	504,250	37,644	541,894		14,414	
	=====	=====	=====		=====	

* Joint chairmen

S & U PLCREPORT OF THE DIRECTORS (Continued)**TANGIBLE FIXED ASSETS**

The changes in tangible fixed assets during the year are shown in note 10 to the financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions of £430 (1997 - £65). No political contributions were made.

CREDITOR PAYMENT POLICY

The company agrees terms and conditions with its suppliers. Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier.

AUDITORS

A resolution for the appointment of Deloitte & Touche as auditors will be proposed at the forthcoming annual general meeting.

By order of the Board



E.D. Maiden
Secretary

28th April 1998.

S & U PLC**STATEMENTS OF RESPONSIBILITY****DIRECTORS' RESPONSIBILITY STATEMENT**

The following statement, which should be read in conjunction with the auditors' responsibility statement, is made to distinguish the responsibilities of the directors for the financial statements from those of the auditors.

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for that period. In preparing those financial statements the directors are required to:-

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. In addition, the directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

AUDITORS' RESPONSIBILITY STATEMENT

The auditors are responsible for forming an independent opinion on the financial statements presented by the directors, based on their audit, and for reporting their opinion to the shareholders. They also have the responsibility under the Companies Act 1985 to report to the shareholders if particular requirements are not met.

These requirements are that the company has maintained proper accounting records and obtained proper returns from branches not visited by the auditors, the financial statements are in agreement with the accounting records, the directors' emoluments and other transactions with directors are properly disclosed in the financial statements, and they have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditors opinion does not encompass the directors' report on pages 2 to 5, except for disclosures relating to directors' emoluments on page 4. However the Companies Act 1985 requires the auditors to report to members if the matters contained in the directors' report are inconsistent with the financial statements.

S & U PLC**REPORT OF THE AUDITORS TO THE SHAREHOLDERS**

We have audited the financial statements on pages 9 to 21 which have been prepared under the historical cost convention and the accounting policies set out on page 13. We have also examined the amounts disclosed relating to the emoluments of the directors on page 4.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st January 1998, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 3 and 4 concerning the company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to any non-compliance with the Listing Rules 12.43(j) and 12.43(v).

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform any additional work necessary to, and we do not, express any separate opinion on the effectiveness of either the company's system of internal financial control or its corporate governance procedures, nor on the ability of the company to continue in operational existence.

S & U PLCREPORT OF THE AUDITORS TO THE SHAREHOLDERS (CONTINUED)**Opinion**

With respect to the directors' statements on internal financial control and going concern on pages 3 and 4, in our opinion the directors have provided the disclosures required by the Listing Rules and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of certain relevant documents, in our opinion the directors' statement on pages 3 and 4 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review by Listing Rule 12.43(j).



Alkin Fine & Co.
Chartered Accountants and
Registered Auditor
Alfin House
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Birmingham
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28th April 1998.

S & U PLCPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST JANUARY, 1998

	Note	<u>1998</u> £	<u>1997</u> £
Turnover	2	23,138,482	23,442,545
Cost of sales		<u>16,270,121</u>	<u>16,234,135</u>
Gross profit		6,868,361	7,208,410
Distribution costs		(4,112,916)	(3,856,392)
Administrative expenses		(1,132,817)	(1,078,893)
Other operating charges		<u>(529,915)</u>	<u>(481,316)</u>
Operating profit	3	1,092,713	1,791,809
Exceptional item	6	<u>1,009,132</u>	<u>-</u>
Profit on ordinary activities before interest		2,101,845	1,791,809
Interest payable and similar charges	7	<u>32,361</u>	<u>(104,944)</u>
Profit on ordinary activities before taxation		2,134,206	1,686,865
Tax on profit on ordinary activities	8	<u>364,767</u>	<u>567,341</u>
Profit on ordinary activities after taxation		1,769,439	1,119,524
Dividends received from subsidiary undertakings	9	<u>2,043,000</u>	<u>1,773,000</u>
		3,812,439	2,892,524
Dividends paid and proposed	9	<u>2,380,253</u>	<u>2,262,881</u>
Retained profit for the year	17	<u><u>1,432,186</u></u>	<u><u>629,643</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

The notes on pages 13 to 21 form part of these financial statements.

S & U PLCNOTE OF HISTORICAL COST PROFITS AND LOSSESFOR THE YEAR ENDED 31ST JANUARY 1998

	<u>1998</u>	<u>1997</u>
	£	£
Reported profit on ordinary activities		
before taxation	2,134,206	1,686,865
Realisation of property revaluation		
surplus of previous years	625,717	-
Difference between historical cost		
depreciation charge and actual		
depreciation charge on the		
revalued amount	<u>147,456</u>	<u>-</u>
Historical cost profit on ordinary		
activities before taxation	<u>2,907,379</u>	<u>1,686,865</u>
Historical cost profit retained after		
taxation and dividends	<u>2,205,359</u>	<u>629,643</u>

The notes on pages 13 to 21 form part of these financial statements

S & U PLCBALANCE SHEET AT 31ST JANUARY, 1998

		<u>1998</u>	<u>1997</u>
	Note	£	£
Fixed assets			
Tangible assets	10	864,418	1,583,731
Investments	11	<u>2,891,106</u>	<u>2,891,106</u>
		3,755,524	4,474,837
Current assets			
Stocks	12	48,272	115,149
Debtors	13	14,032,571	13,238,334
Cash at bank and in hand		<u>142,671</u>	<u>6,106</u>
		14,223,514	13,359,589
Creditors			
Amounts falling due within one year	14	<u>4,226,317</u>	<u>5,513,891</u>
Net current assets		<u>9,997,197</u>	<u>7,845,698</u>
Net assets		<u>13,752,721</u>	<u>12,320,535</u>
Capital and reserves			
Called up share capital	16	2,117,266	2,117,266
Share premium account	17	2,136,003	2,136,003
Revaluation reserve	17	120,671	747,436
Profit and loss account	17	<u>9,378,781</u>	<u>7,319,830</u>
Shareholders' funds	18	<u>13,752,721</u>	<u>12,320,535</u>

Approved by the board of directors on 28th April 1998
and signed on its behalf by:

.....
D.M.Coombs
Director

.....
C.K.Coombs
Director

The notes on pages 13 to 21 form part of these financial statements.

S & U PLCCASH FLOW STATEMENTFOR THE YEAR ENDED 31ST JANUARY, 1998

		<u>1998</u>		<u>1997</u>	
	Note	£	£	£	£
Net cash inflow from operating activities	19		754,182		2,974,907
Returns on investments and servicing of finance					
Interest received		15,589		-	
Interest paid		-		(124,613)	
Dividends received		2,043,000		1,773,000	
Preference dividends paid		<u>(79,290)</u>		<u>(150,730)</u>	
Net cash inflow from returns on investments and servicing of finance			1,979,299		1,497,657
Tax paid			(641,176)		(773,661)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(425,238)		(184,813)	
Proceeds of sale of fixed assets		<u>1,933,203</u>		<u>41,903</u>	
Net cash inflow/(outflow) for capital expenditure and financial investment			1,507,965		(142,910)
Equity dividends paid			<u>(2,171,387)</u>		<u>(1,936,643)</u>
Cash inflow before management of liquid resources and financing			<u>1,428,883</u>		<u>1,619,350</u>
Increase in cash in the period			<u><u>1,428,883</u></u>		<u><u>1,619,350</u></u>

The notes on pages 13 to 21 form part of these financial statements.

S & U PLCNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST JANUARY, 1998**1 Accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year.

Basis of accounting

The accounts have been prepared in accordance with applicable Accounting Standards using the historical cost convention as modified by the revaluation of certain freehold properties.

Tangible fixed assets

Depreciation is provided on the cost or valuation of tangible fixed assets in order to write off such cost or valuation over the expected useful lives as follows:

Freehold Buildings	1% per annum straight line
Computers	20% per annum straight line
Fixtures & Fittings	10% to 20% per annum on reducing balance
Television Sets	20% per annum straight line
Motor Vehicles	25% per annum on reducing balance

Operating leases

Rentals paid in respect of operating leases are charged to profit and loss account when incurred.

Pensions

The company's contributions to its defined benefit pension scheme are expensed in order to allocate the cost of providing the pensions, recognising any actuarial surplus or deficiency (where applicable), over the working lives of the relevant employees.

The company also operates a defined contribution pension scheme and the pension charge represents the amount payable by the company for the financial year.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value.

Debtors

Bad debts are written off and a specific reserve is made on all debts which are considered doubtful.

Deferred Taxation

Provision for taxation deferred by accelerated capital allowances is made only to the extent that there is a reasonable probability that such taxation will become payable within the foreseeable future.

Deferred Revenue

Interest and service charge is taken to profit and loss account when the consumer credit is granted and an adjustment is made for deferred revenue at the end of an accounting period.

Deferred revenue comprises a proportion of revenue included in debtors, remaining after covering initial costs, which is carried forward into future periods. The amount carried forward is calculated to allow for an appropriate contribution to profits in subsequent accounting periods.

Goodwill

Goodwill is written off to reserves in the year in which it arises.

2 Turnover

Turnover represents goods sold to and amounts collectable from customers outside the group, less returns and VAT (where applicable).

& U PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST JANUARY, 1998**3 Operating profit**

This is stated after charging the following:-

	<u>1998</u> £	<u>1997</u> £
Depreciation of tangible fixed assets	224,590	205,875
Directors' emoluments (see note 4)	656,858	556,308
Auditors' remuneration	25,000	24,000
Operating lease rentals:		
On property	146,676	77,978
On plant and machinery	<u>1,714</u>	<u>3,725</u>

4 Directors' remuneration

	<u>1998</u> £	<u>1997</u> £
Management remuneration-basic	645,308	541,894
Pension contributions	<u>11,550</u>	<u>14,414</u>
	<u>656,858</u>	<u>556,308</u>

Retirement benefit is accruing under a money purchase scheme for one director (1997-one director.) and no director had retirement benefits under the defined benefit scheme (1997-none).

Further details of directors' emoluments are shown in the report on directors' remuneration on page 4.

5 Staff costs

The average number of persons employed, including directors, during the year was:

	<u>1998</u> Number	<u>1997</u> Number
Management and administration	<u>112</u>	<u>117</u>

The employment costs of these persons were:

	<u>1998</u> £	<u>1997</u> £
Wages and salaries	2,051,045	1,929,834
Social security costs	206,233	190,301
Other pension costs (note 22)	<u>11,570</u>	<u>14,434</u>
	<u>2,268,848</u>	<u>2,134,569</u>

S & U PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST JANUARY, 1998**6 Exceptional item**

The exceptional profit of £1,009,132 arose from the sale of the former head office property. It is expected that no tax liability will arise on this profit.

7 Interest payable and similar charges

	<u>1998</u>	<u>1997</u>
	£	£
On bank overdrafts	(34,625)	102,006
On security bonds	3,189	2,938
On others	(925)	-
	<u>(32,361)</u>	<u>104,944</u>

8 Tax on profit on ordinary activities

	<u>1998</u>	<u>1997</u>
	£	£
Corporation tax at 31.32% (1997 33%)	370,000	570,000
In respect of prior years:-		
overprovision for corporation tax	(5,233)	(2,659)
	<u>364,767</u>	<u>567,341</u>

9 Dividends

	<u>1998</u>	<u>1997</u>
	£	£
Dividends received		
From subsidiary undertakings	<u>(2,043,000)</u>	<u>(1,773,000)</u>
Dividends paid and proposed		
31.5% Cum. preference shares	141,780	141,780
4.2% Cum. preference shares	8,400	8,400
ordinary-interim paid	528,175	469,489
ordinary-proposed final	1,701,898	1,643,212
	<u>2,380,253</u>	<u>2,262,881</u>

S & U PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST JANUARY, 1998**10 Tangible fixed assets**

	Freehold Land & Property	Television Sets	Motor Vehicles	Fixtures & Fittings	Total
	£	£	£	£	£
Cost or valuation					
At 1 February 1997	1,201,796	112,683	1,481,660	366,638	3,162,777
Additions	-	-	256,440	168,798	425,238
Disposals	(1,075,000)	(71,733)	(189,406)	-	(1,336,139)
At 31 January 1998	<u>126,796</u>	<u>40,950</u>	<u>1,548,694</u>	<u>535,436</u>	<u>2,251,876</u>
Depreciation					
At 1 February 1997	210,422	112,683	960,160	295,781	1,579,046
Charge for the year	1,048	-	184,503	39,039	224,590
On disposals	(193,500)	(71,733)	(150,945)	-	(416,178)
At 31 January 1998	<u>17,970</u>	<u>40,950</u>	<u>993,718</u>	<u>334,820</u>	<u>1,387,458</u>
Net book amount					
At 31 January 1998	<u>108,826</u>	<u>-</u>	<u>554,976</u>	<u>200,616</u>	<u>864,418</u>
At 1 February 1997	<u>991,374</u>	<u>-</u>	<u>521,500</u>	<u>70,857</u>	<u>1,583,731</u>

11 Fixed asset investments-shares in subsidiaries

£

Cost of shares less amounts written off	<u>2,891,106</u>
---	------------------

The following principal undertakings, all of which are wholly owned, operate in Great Britain and are incorporated in England.

S.D.Taylor Limited)	Consumer credit, rentals
Wilson Tupholme Limited)	& other retail trading
A.E.Holt (Leicester) Limited		Manufacturing

S & U PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST JANUARY, 1998**12 Stocks**

	<u>1998</u>	<u>1997</u>
	£	£
Finished goods	32,345	94,201
Sundry stocks	15,927	20,948
	<u>48,272</u>	<u>115,149</u>

13 Debtors

	<u>1998</u>	<u>1997</u>
	£	£
Trade debtors	10,612,542	10,372,039
Amounts owing by subsidiary undertakings	2,607,058	2,442,622
Other debtors	745,708	304,648
Prepayments and accrued income	67,263	119,025
	<u>14,032,571</u>	<u>13,238,334</u>

14 Creditors - amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£	£
Bank loans and overdrafts	-	1,292,318
Trade creditors	340,714	436,610
Amounts owing to subsidiary undertakings	1,512,988	1,512,988
Other creditors	285,488	204,482
Corporation tax	139,608	228,294
Other taxation and social security	90,510	83,174
Accruals and deferred income	155,111	112,813
Proposed ordinary dividends	1,701,898	1,643,212
	<u>4,226,317</u>	<u>5,513,891</u>

15 Bank loans and overdrafts

	<u>1998</u>	<u>1997</u>
	£	£
<u>Falling due within one year</u>		
Midland Bank PLC	<u>-</u>	<u>1,292,317</u>

S & U PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST JANUARY, 1998**16 Called up share capital**

	<u>1998</u>	<u>1997</u>
	£	£
Authorised:		
14,400,000 Ordinary shares of 12.5p each	1,800,000	1,800,000
200,000-4.2% Cum.preference shares of £1 each	200,000	200,000
3,600,756-31.5% Cum.preference shares of 12.5p each	<u>450,112</u>	<u>450,112</u>
Allotted, called up and fully paid:		
11,737,228 Ordinary shares of 12.5p each	1,467,154	1,467,154
200,000-4.2% Cum.preference shares of £1 each	200,000	200,000
3,600,756-31.5% Cum.preference shares of 12.5p each	<u>450,112</u>	<u>450,112</u>

17 Reserves

	<u>1998</u>	<u>1997</u>
	£	£
<u>Share premium account</u>		
Balance brought forward	2,136,003	2,136,003
	<u>2,136,003</u>	<u>2,136,003</u>
<u>Revaluation reserve</u>		
Balance brought forward	747,436	759,234
Profit and loss account transfer		
freehold property depreciation	(1,048)	(11,798)
revaluation surplus on sale of property	(625,717)	-
	<u>120,671</u>	<u>747,436</u>
<u>Profit and loss account</u>		
Balance brought forward	7,319,830	6,678,389
Retained profit for the year	1,432,186	629,643
Revaluation reserve transfer		
freehold property depreciation	1,048	11,798
revaluation surplus on sale of property	625,717	-
	<u>9,378,781</u>	<u>7,319,830</u>

Revaluation reserve surplus

The net proceeds from the sale of the former Birmingham Head Office property amounted to £1,890,632. The original cost was £255,783. In 1973 the property was revalued to £1,075,000 and the increase added to the Revaluation Reserve. Subject to the depreciation adjustments over the years, this increase is now released to the Profit and Loss Account in the sum of £625,717. This is in addition to the exceptional profit of £1,009,132, which is the surplus of sale proceeds over the revaluation figure after depreciation.

S & U PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST JANUARY, 1998**18 Reconciliation of movements in shareholders' funds**

	<u>1998</u>	<u>1997</u>
	£	£
Profit for the financial year	1,769,439	1,119,524
Dividends paid less received	(337,253)	(489,881)
Net addition to shareholders' funds	1,432,186	629,643
Opening shareholders' funds	12,320,535	11,690,892
Closing shareholders' funds	<u>13,752,721</u>	<u>12,320,535</u>
Attributable to:		
Equity interests	13,102,609	11,670,423
Non-equity interests	650,112	650,112
	<u>13,752,721</u>	<u>12,320,535</u>

19 Reconciliation of operating profit to net cash flow from operating activities

	<u>1998</u>	<u>1997</u>
	£	£
Operating profit	1,092,713	1,791,809
Depreciation	224,590	205,875
Profit on sale of fixed assets	(4,110)	(9,540)
Decrease/(increase) in stocks	66,877	(9,133)
(Increase)/decrease in debtors	(624,237)	1,003,190
Decrease in creditors	(1,651)	(7,294)
Net cash inflow from operating activities	<u>754,182</u>	<u>2,974,907</u>

20 Reconciliation of net cash flow to movement in net funds

	<u>1998</u>	<u>1997</u>
	£	£
Increase in cash in the period	1,428,883	1,619,350
Movement in net funds in the period	1,428,883	1,619,350
Net funds at 1st February 1997	(1,286,212)	(2,905,562)
Net funds at 31st January 1998	<u>142,671</u>	<u>(1,286,212)</u>

21 Analysis of net funds

	<u>At</u>	<u>Cash</u>	<u>At</u>
	<u>1.2.97</u>	<u>flow</u>	<u>31.1.98</u>
	£	£	£
Bank account	(1,292,318)	1,432,675	140,357
Cash in hand	6,106	(3,792)	2,314
	<u>(1,286,212)</u>	<u>1,428,883</u>	<u>142,671</u>

S & U PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST JANUARY, 1998**22 Pension commitments**

The company operates both defined benefit and defined contribution type pension schemes.

The assets of the S & U PLC defined benefit pension scheme are held under trust. The scheme is closed to new entrants. Contributions to the scheme are determined on the advice of a qualified actuary on the basis of triennial valuations using the attained age method. The last such valuation was carried out as at 31st March 1995 and the main actuarial assumptions employed were a 1.5% per annum excess of investment returns over salary growth and no increases to present and future pensions in payment. The market value of the assets of the scheme at the valuation date was £960,000 and the actuarial value of these assets was 93% of the value of the benefits that had accrued to the members, after allowing for expected future increases in earnings. The valuation revealed a surplus at the valuation date of 29% of the value of the liabilities. The surplus position produces a nil pension cost in the period and no further contributions from the company are foreseen. As a result of the surplus position, all benefits in the scheme were increased by 25% with effect from 1st April 1997.

The pension cost charged in the accounts represents the contributions in respect of the accounting period payable by the company to the defined contribution scheme.

23 Future capital expenditure

At 31st January 1998 capital expenditure contracted for but not provided in the accounts amounted to £nil (1997 £120,000)

24 Transactions with directors

There were no transactions with the directors

25 Post balance sheet events

There were no post balance sheet events

S & U PLCNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31ST JANUARY, 1998**26 Commitments-operating leases**

Commitments at 31st January 1998 to make rental payments in the following year were as follows:

	<u>Property</u>		<u>Plant & Machinery</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	£	£	£	£
Leases expiring:-				
Within 1 year	19,633	8,534	-	-
Between 2 and 5 years	80,125	19,050	-	2,059
Over 5 years	<u>8,500</u>	<u>8,500</u>	<u>-</u>	<u>-</u>
	<u>108,258</u>	<u>36,084</u>	<u>-</u>	<u>2,059</u>

27 Freehold land and buildings

The freehold land and buildings were revalued on 31st March 1973 by Bright Willis and Son, Chartered Surveyors, on an open market value for existing use basis. Additions since are at cost.