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S&U Est 1938

the credit you deserve

Annual Report and Accounts

2008

Welcome to S&U Plc, we are the United Kingdom's foremost niche consumer and motor finance provider, with operations throughout the United Kingdom.

Our strategy is to focus on providing a reliable, consistent and trustworthy service. We are proud to provide 130,000 people throughout the country with their consumer and motor finance requirements.

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Financial Highlights

Solid Profits and a Strengthened Balance Sheet

Despite turbulent market conditions S&U has produced a solid profits performance and strengthened its balance sheet Debt quality in both its home credit and motor finance businesses remains good The foundations have been laid for resumption of profit growth in home credit this year Advantage, its motor finance subsidiary, has achieved its ninth straight year of record profits

- Solid earnings
- A strong balance sheet
- Cross selling and market consolidation opportunities for growth

	2008 £000	2007 £000
Revenue	45,978	42,795
Operating Profit	10,876	10,469
Profit Before Taxation	8,578	8,930
Earnings Per Ordinary Share	50 8p	53 2p
Dividend Per Ordinary Share Interim Paid And Final Proposed	32 0p	32 0p

"Excellent dividend payment every year since 1988 is our proud achievement"

Financial Calendar

Annual General Meeting			16 May 2008
Announcement of results	Half year ending 31 July 2008		September 2008
	Year ending 31 January 2009		April 2009
Payment of dividends	6% Cumulative Preference shares		30 September 2008 & 31 March 2009
	31 5% Cumulative Preference shares		31 July 2008 & 31 January 2009
	Ordinary shares	- 2008 Final	6 June 2008
		Record Date	9 May 2008
		Ex-dividend Date	7 May 2008
		- 2009 Interim	November 2008

Chairman's Statement

"S&U in a strong financial position – major opportunities for increasing both our customer numbers and market share."

As Chairman of S&U over the past thirty years I have been used to dealing with most of the slings and arrows commercial life and business cycles occasionally throw at us Even so, recent gyrations in the capital and stock markets and the unfolding implications of the "credit crunch" must rank as amongst the most turbulent in my experience

Against such a background, I present a set of results which, although below my expectations of a year ago, in retrospect are both solid and stable, and which leave S&U in a strong financial position Pre-tax profit for the year is £8 6m (2007 £8 9m) on revenues at nearly £46m, up 7% The balance sheet shows assets up to £42 3m and gearing reduced to 74%, the lowest level for 4 years With earnings per share at 51p (2007 - 53p), I am pleased to again recommend a dividend payment of 23p per ordinary share

Home Credit

The bulk of both S&U's profit and, in particular, cash flow still comes from our Home Credit operations Here both our S&U and S D Taylor subsidiaries performed creditably, however after a period of expansion, Wilson Tupholme's profits experienced what I am confident will be a temporary set-back Significant changes in its management and internal organisation will ensure that it is

Home Credit has been through a period of intense scrutiny by regulation and by consolidation within the industry This presents S&U with major opportunities for increasing both our customer numbers and market share

Advantage Finance

Advantage, our motor finance business which I founded nearly ten years ago, goes from strength to strength This year's profits are a record, as are customer numbers Credit must go not only to our people there but to their continuous investment in refining technology – improvements which can benefit the rest of the Group As market conditions begin to favour the used, over the new, car market I am confident that Advantage will make an increasing contribution to S&U's profits

Outlook

Our success in our traditional part of the consumer credit market depends entirely upon our ability to nurture and maintain customer relationships Now, and for the past 70 years, we remain quintessentially a people business and I therefore pay tribute to our staff throughout the Group who work so hard to serve our loyal customers It has been both a great honour and pleasure to lead them over the past three decades. Whilst retiring as your Chairman, I look forward to watching the continued progress of S&U as President. Early results this year are promising, I am therefore confident that, in the hands of my successor Anthony Coombs and his Board, S&U will continue the growth, and most important, the stability of earnings which our shareholders have come to expect

Derek M Coombs
Chairman
10 April 2008

Managing Director's Report

"Advantage Finance produced record results in a much more challenging used car market."

Since S&U announced its interim results in September of last year, the economy generally and the financial services sector in particular, has faced a period of severe turbulence and uncertainty Both economic growth and consumer confidence in Britain have suffered and this is likely to persist throughout at least the next nine months

Against such a background, we announce PBT of £8 6m against £8 9m last year, a fall of just under 4%, Group revenue was £46m slightly up on last year

Set against the recent travails of the sub-prime sector these are solid results For the third year in a row, Advantage Finance, our motor finance subsidiary produced record results in a much more challenging used car market The S&U, home credit subsidiary, produced its second best ever profits - delivering a "shortened" loan book of better quality and remaining cash generative S D Taylor, our North-West home credit subsidiary produced a solid result, with profit at 12% of gross sales - a rate of return the Competition Commission would hopefully not regard as excessive

The principal shortfall lay at Wilson Tupholme where profits fell by over £400,000 This subsidiary both under-estimated the credit risk and operational costs connected with the previous year's debt acquisitions, particularly in Scotland, and over-estimated the trading potential of the customers it had then acquired Rigorous action has been taken to correct these problems The business has been downsized, senior managers have been replaced and its operations integrated into the other more productive parts of the Home Credit Business

Operating Results	Year Ended 31 January 2008 £m	Year Ended 31 January 2007 £m
Revenue	46 0	42 8
Cost of sales	(15 7)	(14 1)
Gross profits	30 3	28 7
Administrative expenses	(19 4)	(18 2)
Operating profit	10 9	10 5
Interest	(2 3)	(1 6)
Profit before Taxation	8 6	8 9

Perhaps ironically, the regulatory environment in which our business operates has become more intrusive even as the competition for reliable customers becomes more intense For Home Credit, this year has already seen a stricter early settlement rebate regime imposed both by the Competition Commission and the Consumer Credit Act 2006 2008 will bring the launch of lenderscompared org uk a price comparison website specifically for (and financed by) the Home Credit Industry This will be followed, in the summer, by Home Credit companies being required to report customer payment data to Credit Reference Agencies The Competition Commission intends this to better enable customers to switch between Home Credit and other providers Given current credit conditions and the value customers place on long-standing Home Credit relationships, the actual result could be the opposite

Our motor finance business is similarly subject to the attentions of the FSA, particularly in its oversight of added insurance products However, these have always been tightly underwritten at Advantage and, in any event, represent a relatively small part of the company's revenue stream

In both home credit and motor finance changes in regulation impose costs - the new rebate regulations for Home Credit are an example - but also create opportunities Consolidation will inevitably result in Home Credit and S&U will profit from that, Advantage will benefit from the fast and comprehensive service it can offer

Managing Director's Report *(continued)*

its broker network, ensuring that they treat customers fairly whilst maximising opportunities for finance and insurance commission

2008/2009

We therefore approach the new financial year with as much confidence as caution and have cast our budgets accordingly Although consumer confidence, and disposable income levels, will remain muted, the small, flexible and convenient loans we offer should become increasingly attractive – especially as our target customers lose both the appetite and, in some cases, the ability to borrow large amounts elsewhere This applies particularly to Home Credit where we are reviewing our customer-family literature, opportunities for acquiring competitors' books and representative incentives We also see significant cross-selling potential for Home Credit from the 5,000 plus customer applications Advantage receives every month, especially since we can now accurately match these customers' profiles with those of the typical Home Credit consumer

Advantage too has refined its underwriting through an Experian based but customised profiling system This, combined with Advantage's traditional more personalised credit control, does allow higher transaction values and slightly higher loan levels as Advantage moves into areas of the used car market vacated by non-prime lenders Results, in terms of non-starters and later batch collections, are encouraging

Collections quality in both businesses remains stable, although in a tougher consumer credit climate, nurturing and improving customer relationships is more important than ever A new contact Call Centre, a centralised debt management system and greater use of debit card payments are all additional tools we have introduced for this purpose Ultimately, however, debt quality depends upon the quality, training and commitment of both Home Credit Representatives and motor finance collectors. Training Manuals have been upgraded, Investors in People status renewed and new monthly appraisals been made more rigorous to maintain and improve standards of customer service

Well-motivated staff, however, require well-motivated Managers We continue to attract a number of good executives from other companies less committed to the Home Credit industry In addition, based upon their performance, we want to encourage key executives to gain and maintain a stake in the Group in which they earn their living We have therefore commissioned our advisers to structure a new discretionary share option plan available to key personnel throughout S&U Plc, which will be subject to your approval at this year's Annual General Meeting It represents a major step forward in identifying the long-term aspirations of these Managers with those of your company

Capital Structure, Liquidity and Treasury

The cash generative nature of our home-collected business and our, in retrospect, prescient decision to discontinue new Communitas second mortgages in May, has allowed S&U to invest a further £3m in growing Advantage Finance whist actually reducing Group gearing to 74% Current bank borrowing is currently

Group Profit, Dividend and Earnings Per Share

	Year Ended 31 January 2008 £m	Year ended 31 January 2007 £m	6 months ended 31 January 2008 £m	6 months ended 31 January 2007 £m	6 months ended 31 July 2007 £m	6 months ended 31 July 2006 £m
Profit before tax	8 6	8 9	4 0	4 1	4 6	4 8
Profit after tax	6 0	6 3	2 8	3 0	3 2	3 3
Earnings per share	50 8p	53 2p	23 3p	24 8p	27 5p	28 4p
Dividends declared per share	32 0p	32 0p	23 0p	23 0p	9 0p	9 0p

close to last year and, significant acquisitions notwithstanding, the organic development of the business should see net cash generation this year

Nevertheless, given current market uncertainties, as our existing term loans begin to expire we deem it prudent to strengthen our Balance Sheet by putting a tranche of our current overdraft borrowing on a longer-term five year basis Whilst maintaining our existing bank facilities, we plan to continue this process as market conditions become more propitious This conservative strategy gives us both a firm base and sufficient headroom for further development of the business

Conclusion

As S&U approaches its 70th anniversary, it is right to reflect that all successful businesses, particularly in these financially turbulent times, depend upon consistency, continuity and committed leadership In S&U, the existing beneficial identity of shareholder and management interests through the significant stake held by the founding Coombs family, has been instrumental in providing this I am therefore justifiably proud to pay tribute to the contribution of your retiring Chairman, Derek Coombs, for the unequalled thirty-five years service he has given the company in this role I am equally honoured that your Board has agreed to nominate me, as Derek's successor, as your new Chairman, and to confirm the Coombs family's commitment to the company by the proposed appointment of Graham Coombs, who has over thirty years service as a Director, as Deputy Chairman

New blood will be introduced, both from within the company and from without, in the future, meanwhile these changes will reinforce the dynamic and future growth of the company whilst maintaining the continuity and precedent approach which is essential for the market in which we operate and therefore in the interests of every shareholder It will also offer opportunities to gradually expand our shareholder base thereby improving liquidity and institutional interest in our stock, thus bringing S&U's earnings valuation more into line with the sector average

Finally, I thank my Boardroom colleagues, our excellent and loyal employees and representatives and, most of all, our thousands of customers, for their support over the past year, I look forward to exciting, challenging but profitable times ahead

Anthony M V Coombs
Managing Director
10 April 2008

Officers and Professional Advisers

Directors

D M Coombs	(Chairman)
A M V Coombs MA (Oxon)	(Managing Director)
G D C Coombs MA (Oxon) MSc (Lon)	
C Redford ACA	(Finance Director)
J G Thompson	
M F Hepplewhite LLB (Hons) FCA	(Non-executive)
D Markou MBE FCA	(Non-executive)
K R Smith	(Non-executive)
F Coombs BA (Lon) MSc (Lon)	(Non-executive)

Secretary

C Redford ACA

Registered Office

Royal House
Prince's Gate
Homer Road
Solihull
West Midlands B91 3QQ
Tel 0121 705 7777

Registrars

Capita IRG plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel 0208 639 3039

Bankers

HSBC Bank plc
130 New Street
Birmingham B2 4JU

Royal Bank of Scotland
5th Floor
2 Saint Phillips Place
Birmingham
B3 2RB

Solicitors

DLA
Victoria Square
Birmingham B2 4DL

Stockbrokers

Brewin Dolphin Securities Limited
7 Drumsheugh Gardens
Edinburgh EH3 7QH,
and 5 Giltspur Street
London EC1A 9BD

Auditors

Deloitte & Touche LLP
Chartered Accountants
Birmingham

Directors' Biographies

Derek M Coombs (Aged 76) *(Chairman)*	Chairman since 1975 Managing Director 1975 to April 1999 Former Member of Parliament Chairman and Chief Executive, Prospect Publishing Limited Political journalist Was previously, non-executive director, Metalrax Group Plc Chairman, Wentforth Properties since 1987
Anthony M V Coombs MA (Oxon) (Aged 55) (Managing Director) (Nominations Committee)	Joined S&U in 1975 and was appointed Managing Director in 1999 Between 1987 and 1997 served as a Member of Parliament and was a member of the Government Serves on the Executive of the Consumer Credit Association and chairs its Public Relations Committee and is a director of a number of companies and charities including chairing the trustees of the National Institute for Conductive Education
Graham D C Coombs MA (Oxon) MSc (Lon) (Aged 55)	Joined S&U Plc after graduating from London Business School in 1976 He is responsible for the Group's subsidiaries, Wilson Tupholme Limited and S D Taylor Limited and for property matters
Chris Redford ACA (Aged 43) (Group Finance Director)	A Chartered accountant with over 10 years business experience in the Fast Moving Consumer Goods, food and travel sectors prior to his appointment as Finance Director of Advantage Finance in 1999 Following a successful start up period for Advantage he was appointed as Group Finance Director with effect from 1 March 2004
Guy Thompson (Aged 52)	Guy joined the group in 1999 as Managing Director of Advantage Finance and has overseen an excellent performance in their first 9 years Guy has a strong track record in the finance and motor sectors and since his appointment brings these skills to the Board of S&U Plc
Mark Hepplewhite LLB (Hons) FCA (Aged 47) (Non-executive) (Nominations, Audit and Remuneration Committees)	A law graduate and a Chartered Accountant by profession He is contracted to act as Finance Director for a substantial group of property companies where he specialises in corporate tax matters.
Demetrios Markou MBE FCA (Aged 64) (Non-executive) (Nominations, Audit and Remuneration Committees)	A Chartered Accountant with over 35 years experience in public practice in Birmingham and director of many private companies He has extensive commercial and political experience
Keith R Smith (Aged 69) (Non-executive) (Nominations, Audit and Remuneration Committees)	A former member of The Stock Exchange and a principal in stockbroking firms for more than 30 years He has been a director of a number of public and private companies He is Chairman of Aspen Clean Energy plc
Fiann Coombs BA (Lon) MSc (Lon) (Aged 39) (Non-executive)	An economic analyst He has conducted a six-months' review of the company's operations

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 January 2008

Principal activities

The principal activity of the Group continues to be that of consumer credit and car finance throughout England, Wales and Scotland

Business review, results and dividends

A review of developments during the year together with key performance indicators and future prospects is given in the chairman's statement on page 2 and the managing director's report on pages 3 to 5 The only significant post balance sheet event to report is that subsequent to 31 January we have replaced a £10m overdraft facility and £10m of our bank loans due to mature in 2009 with a £6m overdraft facility and a 5 year term loan facility for £16m The directors consider this to be consistent with our conservative gearing and borrowing strategy

The Group's profit on ordinary activities after taxation was £5,965,000 (2007 – £6,239,000) Dividends of £3,768,000 (2007 – £3,650,000) were paid during the year

The directors recommend a final dividend, subject to shareholders approval of 23 0p per share (2007 – 23 0p) This, together with the interim dividend of 9 0p per share (2007 – 9 0p) paid during the year, makes a total dividend for the year of 32 0p per share (2007 – 32 0p)

Directors and their interests

The directors of the company during and after the year and the beneficial interests of the directors at the year end and their immediate families in the shares of the company are set out below

	At 31 January 2008		At 31 January 2007	
	31 5% Preference Shares	Ordinary Shares	31 5% Preference Shares	Ordinary Shares
D M Coombs	70,000	2,856,928	70,000	2,856,928
A M V Coombs	–	546,330	–	543,330
G D C Coombs	–	566,970	–	566,970
M F Hepplewhite	–	7,000	–	7,000
K R Smith	–	25,000	–	17,000
D Markou	–	2,000	–	2,000
F Coombs	–	33,550	–	33,550
JG Thompson	–	–	–	–
CH Redford	–	–	–	–

4,500 of the shares held by Mr M F Hepplewhite are held in trust for Anglo-Malay Consultants Limited, a close company of which he is a shareholder and director

There were no changes to the directors' interests shown above between 31 January 2008 and 10 April 2008

In addition, Grevayne Properties Limited, a company of which Messrs G D C and A M V Coombs are directors and shareholders, owned 298,048 ordinary shares in the company at 31 January 2008 (2007 - 298,048) During the year the company obtained supplies amounting to £8,678 (2007 - £12,130) from Grevayne Properties Limited The amount due to Grevayne Properties Limited at the year end was £nil (2007 - £nil) During the year Mr M F Hepplewhite purchased a vehicle from the company for £21,000 being a fair estimate of market value

The directors had no interests in the company's 6% Cumulative Preference shares or in the shares of its subsidiaries

In accordance with the Company's Articles of Association Messrs G D C Coombs, J G Thompson and F Coombs being eligible, offer themselves for re-election

No director had any interest in any material contract during the year relating to the business of the Group

Each of the persons who is a director at the date of approval of the annual report confirms that,

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware,
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985

Substantial shareholdings

At 10 April 2008, the company had been notified of the following interests of 3% or more in its issued ordinary share capital (excluding those of the directors disclosed above) -

Shareholder	No of shares	% of share capital
Wiseheights Limited	2,420,000	20 6%
C K Coombs	1,621,501	13 8%

Employees

The Group's policy is to give full and fair consideration to applications for employment by disabled persons, having regard to the nature of the employment Suitable opportunities and training are offered to disabled persons in order to provide their career development

The Group also recognises the need to communicate with employees Newsletters are sent out to each employee at least twice per year to keep employees informed of the progress of the business as well as regular memos to the branches in respect of new initiatives

Environment

The Group recognises the importance of its environmental responsiblities and designs and implements policies to reduce any damage that might be caused by the Group's activities

Directors' Report *(continued)*

Principal risks and uncertainties

The Group is involved in the provision of consumer credit and a key risk for the Group is the credit risk inherent in amounts receivable from customers which is principally controlled through our credit control policies supported by ongoing reviews for impairment The Group is also subject to legislative and regulatory change within the consumer credit sector The Group's activities expose it to the financial risks of changes in interest rates and the Group uses interest rate derivative contracts to hedge these exposures in bank borrowings. More detail of the Group's financial risk management policies is included in note 23

Political and charitable contributions

During the year the company and the Group made contributions to a number of local charities of £1,850 (2007 - £2,950) No political contributions were made

Creditor payment policy

The Group and the company do not follow any published code of practice but 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 Trade creditor days for the Group for the year ended 31 January 2008 were 52 days (2007 - 50 days), and trade creditor days for the company were 51 days (2007 - 55 days), calculated in accordance with the requirements set down in the Companies Act 1985 This represents the ratio, expressed in days, between the amounts invoiced to the Group and the company by their suppliers in the year and the amount due, at the year end, to trade creditors within one year

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board

C Redford

Secretary

10 April 2008

Report of the Board to the Shareholders on Remuneration Policy

Introduction

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the company at which the financial statements will be approved

The Regulations require the auditors to report to the company's members on the "auditable part" of the directors' remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations) The report has therefore been divided into separate sections for audited and unaudited information

UNAUDITED INFORMATION

Remuneration committee

The company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code The members of the committee are Mr M Hepplewhite, Mr D Markou, and Mr K Smith, who are all independent non-executive directors The committee is chaired by Mr K Smith

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interest arising from cross-directorship or day-to-day involvement in running the business The committee makes recommendations to the Board No director plays a part in any discussions about their own remuneration

During the year, the Committee received advice from Deloitte & Touche LLP to design a new discretionary share option scheme Deloitte & Touche LLP were appointed by the Committee and are also the company's auditors and advise the company on general tax matters

Remuneration policy

The performance measurement of the executive directors and key members of senior management and the determination of their annual remuneration package are undertaken by the Committee and is assessed annually for the following financial period The remuneration of the non-executive directors is determined by the board within limits set out in the Articles of Association

There are four main elements of the remuneration package for executive directors and senior management

- Basic annual salary (including directors fees),
- Taxable benefits in kind in the main include company car plus related expenses and medical insurance,
- Performance related bonus payments, and
- Pension arrangements

The company has not historically operated a long term incentive scheme but further to a detailed review intends to introduce a share option scheme during the year ended 31 January 2009

Basic salary

An executive director's basic salary is determined by the Committee prior to the beginning of each year and when an individual changes position or responsibility In deciding appropriate levels, the Committee considers the Group as a whole and comparable positions in the financial sector Executive director's contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting

Annual bonus payments

The Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid In setting appropriate bonus parameters the Committee considers the Group's pre tax profit performance for the year and the appropriate percentage of basic salary to be awarded for each executive The Committee believes that any incentive compensation awarded should be tied to the interests of the company's shareholders and that the principle measure of those interests is in total shareholder return The strategic objectives, control system and indicators are also aligned to total shareholder return The executive directors were not awarded bonuses in 2007 with the exception of a £2,500 bonus paid to Mr C H Redford There will also be no bonus paid in respect of the year ended January 2008 with the exception of a £10,000 bonus paid to Mr J G Thompson and a £5,000 bonus paid to Mr C H Redford

Report of the Board to the Shareholders on Remuneration Policy *(continued)*

Share option scheme

As part of the review of remuneration the Committee has recommended and the Board has agreed to propose to shareholders the introduction of the S&U Plc 2008 Discretionary Share Option Plan (the "Plan") the details of which are summarised in an enclosed circular to shareholders

Under the Plan is proposed that awards annual awards of share options will be granted with an exercise price equal to the market value of the shares at the date of grant The Plan will allow for the grant of options over shares worth up to a maximum of twenty-five (25) per cent of salary in any year (although grants under the UK Approved Addendum will be subject to the relevant statutory limit of £30,000) In exceptional circumstances the Board may, at its discretion, grant higher awards of up to fifty (50) per cent of base salary It is expected that options will be granted on an annual basis

Subject to shareholder and HM Revenue & Customs approval, the company intends to make an initial grant of Options to certain key executives under the Plan in May 2008 For future years, it is proposed that Options will only be granted if performance conditions based on the company's and individual performance have been satisfied The performance conditions that will apply to the grant of an Option will be determined by the company on an annual basis It is proposed that Options will only be granted in respect of the financial year ending 31 January 2009, if conditions based on the absolute and relative performance of the Company and the individual performance of the Plan participants are satisfied The company will regularly review the conditions for future Option grants to determine whether they are appropriate for the company

The participants will not be entitled to exercise their options for a period determined by the Committee which is generally no earlier than three years from the date of award The vesting of awards at the end of the three year period will be subject to the relevant participant remaining in employment

Pension arrangements

The company makes contributions to a defined contribution pension scheme in respect of A M V Coombs, G D C Coombs, J G Thompson and C H Redford None of the directors has accrued benefit under the defined benefit scheme

Performance graph

The following graph shows the company's performance, measured by total shareholder return, compared with the performance of the FTSE Speciality and Other Financial Services Index also measured by total shareholder return The performance has also been benchmarked against Provident Financial a leading competitor These comparators have been selected since they illustrate S&U's relative performance within their sector

Directors' contracts

It is the company's policy that executive directors should have contracts with an indefinite term providing for a maximum of one year's notice

A M V Coombs and G D C Coombs have rolling 12 month contracts In the event of early termination, the directors' contracts provide for compensation up to a maximum of basic salary for the notice period

Non-executive directors

It is company policy that non-executive directors are not granted service contracts All non-executive directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to non-executive directors of similar companies The basic fee paid to each non-executive director in the year was £17,500 Non executives are not eligible to join the company's pension scheme

AUDITED INFORMATION

Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows

	2008 £000	2007 £000
Emoluments	1,077	975
Money purchase pension contributions	82	86
	1,159	1,061

Directors' emoluments

	Fees £000	Salaries £000	Bonus £000	Benefits in kind £000	Total 2008 £000	Total 2007 £000
Executive directors						
D M Coombs	17	218	–	39	274	263
A M V Coombs	17	193	–	28	238	215
G D C Coombs	17	163	–	14	194	176
C H Redford	17	83	5	17	119	103
J G Thompson	17	133	10	22	177	151
Non-executive directors						
M F Hepplewhite	17	–	–	–	17	17
D Markou	16	–	–	–	16	16
K R Smith	17	–	–	–	17	17
F Coombs	17	–	–	–	17	17
	152	790	15	120	1,077	975

Directors' pension entitlements

4 directors are members of money purchase schemes (2007 - 4) Total contributions paid by the company in respect of such directors are shown above

Approval

This report was approved by the Board of Directors on 10 April 2008 and signed on its behalf by

Keith Smith
Chairman of the Remuneration Committee

Corporate Governance

In July 2003 the FRC Combined Code was issued by the London Stock Exchange and was updated in June 2006 The Code sets out Provisions for Good Corporate Governance along with a series of supporting principles Section 1 of the Code is applicable to listed companies.

A narrative statement on how the company has applied the Provisions and a statement explaining the extent to which the provisions of the Code have been complied with, appear below

Narrative statement

The Code establishes 14 Code Provisions, which are split into three areas in this report, "Directors", "Relations with Shareholders" and "Accountability and Audit" The current position of the company in each area is described below

Directors

During the period under review, the company was controlled through the Board of Directors which comprised five executive and four non-executive directors The Chairman is mainly responsible for the running of the Board, he has to ensure that all directors receive sufficient relevant information on financial, business and corporate issues prior to meetings The Managing Director is the Chief Executive of the Group His responsibilities focus on co-ordinating the company's business and implementing Group strategy The Chairman and Managing Director are jointly responsible for acquisitions outside the traditional business, the development of the business into new areas, and relations with the investing community, public and media All directors are able to take independent professional advice in the furtherance of their duties if necessary

The Board has a formal schedule of matters reserved to it and meets at least three times a year with monthly circulation of papers It is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure projects and consideration of significant financing matters It monitors the exposure to key business risks and reviews the strategic direction of individual trading subsidiaries, their codes of conduct, their annual budgets, their progress towards achievement of those budgets and their capital expenditure programmes The Board also considers environmental and employee issues and key appointments It also ensures that all directors receive appropriate training on appointment and then subsequently as appropriate All directors, in accordance with the Code, will submit themselves for re-election at least once every three years The Board considers the performance of the directors and committees on an ongoing basis, and the contributions of individuals to their roles

The Board has established a Nominations Committee, an Audit Committee and a Remuneration Committee Each committee operates within defined terms of reference Trading companies are managed by separate boards of directors The minutes of their meetings and of the standing committees will be circulated to and reviewed by the Board of Directors Terms of reference for the committees are available from S&U Plc head office

The Board has designated Mr K R Smith as senior independent director Three out of the four non-executive directors are considered to be independent The Board has considered the balance between the independent and non-independent directors and considers it to be satisfactory The Board has and will consider the composition of committees on an ongoing basis The Nominations Committee is composed of Mr A M V Coombs who also chairs this committee and the three independent non-executive directors The Audit Committee is composed of the three independent non-executive directors who are Mr M F Hepplewhite, Mr D Markou and Mr K R Smith The Remuneration Committee is composed of the same three independent non-executive directors. Chairmen of these committees are appointed from among the members The Chairman of the Audit Committee is Mr M F Hepplewhite and the Chairman of the Remuneration Committee is Mr K R Smith

The work of the nominations committee is to regularly review the size, structure and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary, including the process and advertising in respect of Board appointments Terms of reference for the nomination committee are available on our website www suplc co uk

Mr G D C Coombs, Mr J G Thompson and Mr F Coombs are proposed for re-election at the next annual general meeting Mr F Coombs is a non-executive director and the Chairman has determined Mr Coomb's performance to be both effective and committed

Meeting Attendance	Board	Nominations	Remuneration	Audit
Number of meetings	4	1	3	3
D M Coombs	4	1		
A M V Coombs	4	1		
G D C Coombs	4			
M F Hepplewhite	4		3	3
K R Smith	4	1	3	3
D Markou	4		3	3
F Coombs	4			
J G Thompson	4			
C H Redford	4			

Relations with Shareholders

The company continues to communicate with both institutional and private investors and responds quickly to all queries received verbally or in writing All shareholders have at least twenty working days notice of the Annual General Meeting at which all directors are introduced and are available for questions

The Board is aware of the importance of maintaining close relations with investors and analysts for the Group's market rating Positive steps are being taken to enhance these relationships and the members of the Board obtain regular feedback from major shareholders and discuss this at Board meetings

Accountability and Audit
Financial Reporting
Reviews of the performance and financial position of the Group are included in the Managing Director's Report The Board uses this, together with the Chairman's Statement and the Directors' Report within pages 2 to 10, to present a balanced and understandable assessment of the company's position and prospects The directors' responsibilities in respect of the financial statements are described on page 16 and those of the auditors on page 17 to 18

Internal Control
The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss

The review of the Group's internal control system is ongoing Whilst the Board acknowledges its overall responsibility for internal control, it believes strongly that senior management within the Group's operating businesses should also contribute in a substantial way and this has been built into the process The Board does not consider there is a need for a formal independent internal audit function due to the size of the Group

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the company The process has been in place for the year under review and up to the date of approval of the report and accounts The process is regularly reviewed by the Board and accords with the revised guidance in the combined code

The Board intends to keep its risk control procedures under constant review particularly as regards the need to embed internal control and risk management procedures further into the operations of business and to deal with areas of improvement which come to management's and the Board's attention

As might be expected in a Group of this size, a key control procedure is the day to day supervision of the business by the executive directors, supported by the managers with responsibility for operating units and the central support functions of finance, information systems and human resources

The executive directors are involved in the budget setting process, constantly monitor key statistics and review management accounts on a monthly basis, noting and investigating major variances All significant capital expenditure decisions are approved by the Board as a whole

The executive directors receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the operational units and reinforced by risk awareness training The executive directors also receive regular reports from the credit control and health and safety functions, which include recommendations for improvement The Audit Committee's role in this area is confined to a high level review of the arrangements

Relationship with Auditors
The Audit Committee has specific terms of reference which deal with its authority and duties It meets at least three times a year with the external auditors attending by invitation in order that the Committee can review the external audit process and results The Committee overviews the monitoring of the adequacy of the Group's internal controls and whistleblowing procedures, accounting policies and financial reporting and provides a forum through which the Group's external auditors report to the non-executive directors The Committee assists the Board in discharging its duties to ensure the financial statements meet legal requirements, and also reviews the independence of the external auditors Independence of the external auditors has been assessed through examination of the nature and value of non-audit services performed during the year

Going Concern basis
After making enquiries, the directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

Compliance statement

Throughout the year ended 31 January 2008 the company has been in compliance with the Code provisions set out in Section 1 of the June 2006 FRC Combined Code on Corporate Governance except for the following matters

Section A.4 1 of the code which requires that the nominations committee is made up of a majority of independent non-executive directors The committee during the whole of the financial year ended 31 January 2008 comprised the Chairman, the Managing Director and the Senior Independent Director which was considered appropriate by the Board given the size, nature and structure of the company Since the end of the financial year the composition of this committee has been revised and now comprises Mr A M V Coombs and the three independent non-executive directors which ensures the company now complies with section A 4 1

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year The directors are required by the IAS Regulation to prepare the Group financial statements under International Financial Reporting Standards as adopted by the European Union (IFRSs) and have also elected to prepare the parent company financial statements in accordance with IFRSs as adopted by the European Union The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

The directors are responsible for keeping proper accounting records that 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 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors responsibility statement
We confirm to the best of our knowledge

1 the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and
2 the management report, which is incorporated into the directors' report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face

By order of the Board

C Redford
Secretary
10 April 2008

Independent Auditors' Report

To the members of S&U Plc

We have audited the Group and parent company financial statements (the "financial statements") of S&U Plc for the year ended 31 January 2008 which comprise the Group Income Statement, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Recognised Income and Expense and the related notes 1 to 27 These financial statements have been prepared under the accounting policies set out therein We have also audited the information in the Directors' Remuneration Report that is described as having been audited

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Chairman's Statement, the Managing Director's Report, the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and Managing Director's Review that is cross referred from the Business Review section of the Directors' Report

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures

We read the other information contained in the Chairman's Statement, the Managing Director's Report and the Director's Report and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any further information outside the Annual Report

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Directors' Remuneration Report to be audited It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and company's circumstances, consistently applied and adequately disclosed

Independent Auditors' Report *(continued)*

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 and the part of the Directors' Remuneration Report to be audited are free from material misstatement, 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 and the part of the Directors' Remuneration Report to be audited

Opinion

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 January 2008 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 January 2008,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation, and
- the information given in the Directors' Report is consistent with the financial statements

Separate opinion in relation to IFRSs

As explained in Note 1 to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board

In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 January 2008 and of its profit for the year then ended

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham, UK
10 April 2008

Group Income Statement

Year ended 31 January 2008

	Note	2008 £000	2007 £000
Revenue	3	45,978	42,795
Cost of sales	4	(15,694)	(14,146)
Gross profit		30,284	28,649
Administrative expenses		(19,408)	(18,180)
Operating profit		10,876	10,469
Finance costs	7	(2,298)	(1,539)
Profit before taxation	2	8,578	8,930
Taxation	8	(2,613)	(2,691)
Profit for the year		5,965	6,239
Earnings per share basic and diluted	11	50 8p	53 2p

All activities derive from continuing operations

Statement of Recognised Income and Expense

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Profit for the year	5,965	6,239	4,400	3,930
Actuarial (loss)/gain on defined benefit pension scheme	(18)	22	(18)	22
Total recognised income for the year attributable to equity holders of the parent	5,947	6,261	4,382	3,952

Balance Sheet

31 January 2008

	Note	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
ASSETS					
Non current assets					
Property, plant and equipment	12	2,233	2,280	702	665
Investments	13	–	–	2,893	2,893
Amounts receivable from customers	14	24,784	22,495	148	164
Derivative financial instruments	23	–	93	–	93
Retirement benefit asset	27	40	40	40	40
Deferred tax assets	19	–	–	27	–
		27,057	24,908	3,810	3,855
Current assets					
Inventories	15	155	176	34	51
Amounts receivable from customers	14	50,110	49,526	12,998	13,245
Trade and other receivables	16	663	784	20,619	20,603
Current income tax assets		–	–	–	402
Cash and cash equivalents		11	5	574	4
		50,939	50,491	34,225	34,305
Total assets		77,996	75,399	38,035	38,160
LIABILITIES					
Current liabilities					
Bank overdrafts and loans	17	(9,683)	(11,647)	–	(1,022)
Trade and other payables	18	(938)	(978)	(270)	(400)
Current Tax Liabilities		(1,565)	(867)	(287)	(135)
Accruals and deferred income		(1,360)	(1,223)	(455)	(208)
		(13,546)	(14,715)	(1,012)	(1,765)
Non current liabilities					
Bank loans	17	(21,600)	(20,000)	(20,000)	(20,000)
Deferred tax liabilities	19	(80)	(130)	–	(23)
Financial liabilities	21	(450)	(450)	(450)	(450)
Derivative financial instruments	23	(37)	–	(37)	–
		(22,167)	(20,580)	(20,487)	(20,473)
Total liabilities		(35,713)	(35,295)	(21,499)	(22,238)
NET ASSETS		42,283	40,104	16,536	15,922
Equity					
Called up share capital	20	1,667	1,667	1,667	1,667
Share premium account	22	2,136	2,136	2,136	2,136
Profit and loss account	22	38,480	36,301	12,733	12,119
Total equity	22	42,283	40,104	16,536	15,922

These financial statements were approved by the Board of Directors on 10 April 2008

Signed on behalf of the Board of Directors

D M Coombs
A M V Coombs
} Directors

Cash Flow Statement

Year ended 31 January 2008

	Note	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Net cash from operating activities	24	4,596	715	5,625	3,817
Cash flows from investing activities					
Proceeds on disposal of property, plant and equipment		91	162	51	67
Purchases of property, plant and equipment		(549)	(666)	(316)	(256)
Net cash used in investing activities		(458)	(504)	(265)	(189)
Cash flows from financing activities					
Dividends paid		(3,768)	(3,650)	(3,768)	(3,650)
Issue of new borrowings		1,600	-	-	-
Net (decrease)/increase in overdraft		(1,964)	3,433	(1,022)	15
Net cash used in financing activities		(4,132)	(217)	(4,790)	(3,635)
Net increase/(decrease) in cash and cash equivalents		6	(6)	570	(7)
Cash and cash equivalents at the beginning of period		5	11	4	11
Cash and cash equivalents at the end of period		11	5	574	4
Cash and cash equivalents comprise					
Cash and cash in bank		11	5	574	4

There are no cash and cash equivalent balances which are not available for use by either the Group or the company (2007 - £nil)

Notes to the Accounts

Year ended 31 January 2008

1 Accounting policies

1 1 General Information

S&U Plc is a company incorporated in the United Kingdom under the Companies Act 1985 The address of the registered office is given on page 6 which is also the Group's principal business address All operations are situated in the United Kingdom

1 2 Basis of preparation

As a listed company we are required to prepare our consolidated financial statements in accordance with international financial reporting standards (IFRS) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation We have also prepared our S&U Plc company financial statements in accordance with IFRS adopted by the European Union

IFRS 7 Financial Instruments Disclosures and the related amendment to IAS 1 on capital disclosures have been adopted from 1 February 2007 The standard requires new disclosures and does not have any impact on the classification or valuation of financial instruments

These financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments to fair value The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries for the year ended 31 January 2008

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective

IAS 1 (Revised) Presentation of Financial Statements

IFRS 2 (IFRIC 11) Group and Treasury Share Transactions

IFRS 8 Operating Segments

IFRIC 12 Service Concession Arrangements

IFRIC 13 Customer Loyalty Programmes

IFRIC 14 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IAS 23 (Amendment) Borrowing Costs

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group

1 3 Revenue recognition

Credit charges are recognised in the income statement for all loans and receivables measured at amortised cost using the effective interest rate method (EIR) The EIR is the rate that exactly discounts estimated future cash flows of the loan back to the present value of the advance Acceptance fees charged to customers and any direct transaction cost are included in the calculation of the EIR Under IAS 39 credit charges on loan products continue to accrue at the EIR on all impaired capital balances throughout the life of the agreement irrespective of the terms of the loan and whether the customer is actually being charged arrears interest This is referred to as the gross up adjustment to revenue and is offset by a corresponding gross up adjustment to the loan loss provisioning charge to reflect the fact that this additional revenue is not collectable

Commission received from third party insurers for brokering the sale of insurance products, for which the Group does not bear any underlying insurance risk is recognised and credited to the income statement when the brokerage service has been provided

Sales of goods are recognised in the income statement when the product has been supplied

1. Accounting policies (continued)

1 4 Amounts receivable from customers
All customer receivables are initially recognised at the amount loaned to the customer plus direct transaction costs After initial recognition the amounts receivable from customers are subsequently measured at amortised cost

The directors assess on an ongoing basis whether there is objective evidence that a loan asset or group of loan assets is impaired and requires a deduction for impairment. A loan asset or a group of loan assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan Objective evidence may include evidence that a borrower or group of borrowers is experiencing financial difficulty, default or delinquency in repayments Impairment is then calculated by estimating the future cash flows for such impaired loans, discounting the flows to a present value using the original EIR and comparing this figure with the balance sheet carrying value All such impairments are charged to the income statement

Key assumptions in ascertaining whether a loan asset or group of loan assets is impaired include information regarding the probability of any account going into default and information regarding the likely eventual loss including recoveries These assumptions and assumptions for estimating future cash flows are based upon observed historical data and updated as management considers appropriate to reflect current and future conditions All assumptions are reviewed regularly to take account of differences between previously estimated cash flows on impaired debt and the eventual losses

1 5 Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation Certain freehold property is held at previous revalued amounts less accumulated depreciation as the Group has elected to use these amounts as the deemed cost as at the date of transition to IFRS under the transitional arrangements of IFRS 1

Depreciation is provided on the cost or valuation of property, plant and equipment in order to write such cost or valuation over the expected useful lives as follows,

Freehold Buildings	2% per annum straight line
Computers	20% per annum straight line
Fixtures and Fittings	10% per annum straight line or 20% per annum reducing balance
Motor Vehicles	25% per annum reducing balance

Freehold Land is not depreciated

1 6 Inventories
Inventories are stated at the lower of cost or net realisable value

1 7 Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Deferred tax is determined using tax rates and laws that have been enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

1 8 Preference shares
The issued 31 5% preference share capital is carried in the balance sheet at amortised cost and shown as a financial liability The issued 6% preference share capital is valued at par and shown as called up share capital

Notes to the Accounts *(continued)*

Year ended 31 January 2008

1 Accounting policies (continued)

1 9 Pensions

The Group contributes to a defined benefit pension scheme The defined benefit pension liability at the balance sheet date is calculated as the present value of the defined benefit obligation less the fair value of the plan assets Actuarial gains and losses are recognised immediately in the financial statements

The Group also operates several defined contribution pension schemes and the pension charge represents the amount payable by the company for the financial period

1 10 Leases

Rental costs under operating leases are charged to the profit and loss account when incurred

1 11 Investments

Investments held as fixed assets are stated at cost less provision for any impairment

1 12 Derivative financial instruments

The Group's activities expose it to the financial risks of changes in interest rates and the Group uses interest rate derivative contracts to hedge these exposures The Group does not use derivative financial instruments for speculative purposes The use of financial derivatives is governed by the Group's policies approved by the Board of Directors which provides written principles on the use of financial derivatives

Changes in the fair value of derivative financial instruments that are designated effective as hedges of future cash flows are directly recognised in equity and the ineffective portion is recognised immediately in the income statement If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of and asset or liability then at the time the asset or liability is recognised the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability For hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting At that time any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs If a hedged transaction is no longer expected to occur the net cumulative gain or loss is recognised in equity is transferred to net profit or loss for the period

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with gains or losses reported in the income statement

1 13 Critical accounting judgements and key sources of estimation uncertainty

The key accounting judgements which the directors have made in the process of applying the Group's accounting policies and which have the most significant effect on the amounts recognised in the financial statements are the judgements relating to revenue recognition and impairment in 1 3 and 1 4 above The directors consider that there are no key sources of estimation uncertainty other than those inherent in the consumer credit market in which we operate

2 Segmental analysis

Analyses by class of business of revenue and profit before taxation are stated below:

	Revenue		Profit before taxation	
	Year ended 31 January 2008	Year ended 31 January 2007	Year ended 31 January 2008	Year ended 31 January 2007
Class of business	£000	£000	£000	£000
Consumer credit, rentals and other retail trading	33,120	31,120	5,965	6,618
Car finance	12,858	11,675	2,613	2,312
	45,978	42,795	8,578	8,930

Analyses by class of business of assets and liabilities are stated below

	Assets		Liabilities	
	Year ended 31 January 2008	Year ended 31 January 2007	Year ended 31 January 2008	Year ended 31 January 2007
Class of business	£000	£000	£000	£000
Consumer credit, rentals and other retail trading	41,774	43,233	(4,148)	(6,913)
Car finance	36,222	32,166	(31,565)	(28,382)
	77,996	75,399	(35,713)	(35,295)

Depreciation of assets for consumer credit was £410,000 (2007 - £398,000) and for car finance was £68,000 (2007 - £80,000) Fixed asset additions for consumer credit were £602,000 (2007 - £586,000) and for car finance were £64,000 (2007 - £80,000)

The significant products in consumer credit, rentals and other retail are unsecured home collected credit loans The significant products in car finance are car loans secured under hire purchase agreements

The assets and liabilities of the parent company are classified as consumer credit, rentals and other retail trading

No geographical analysis is presented because all operations are situated in the United Kingdom

3. Revenue

	2008 £000	2007 £000
Interest income	43,550	40,397
Insurance and other commissions and fees	2,428	2,398
Total revenue	45,978	42,795

Notes to the Accounts *(continued)*

Year ended 31 January 2008

4. Cost of sales

	2008 £000	2007 £000
Loan loss provisioning charge - consumer credit	7,822	6,337
Loan loss provisioning charge - car finance	4,087	4,105
Total loan loss provisioning charge	11,909	10,442
Other cost of sales	3,785	3,704
Total cost of sales	15,694	14,146

5. Information regarding employees

	2008 No	2007 No
The average number of persons employed by the Group in the year was		
Consumer credit, rentals and other retail trading	317	291
Car finance	71	75
	388	366

	2008 £000	2007 £000
Staff costs during the year (including directors)		
Wages and salaries	8,581	7,950
Social security costs	903	795
Pension costs for money purchase scheme	199	168
	9,683	8,913

Directors' remuneration is disclosed in the audited section of the Directors' Remuneration Report

6. Operating profit

	2008 £000	2007 £000
Operating profit is after charging/(crediting).		
Depreciation and amortisation		
Owned assets	478	478
Staff costs (see note 4)	9,683	8,913
Rentals under operating leases		
Hire of plant and machinery	9	9
Other operating leases	393	307
Loss on sale of fixed assets	27	29
Rentals received/receivable under operating leases	(149)	(162)

6. Operating profit (continued)

The analysis of auditors' remuneration is as follows

	2008 £000	2007 £000
Auditors' remuneration for audit fees		
Fees payable to the Group's auditors for the audit of the Group and company annual accounts	40	40
Audit of company's subsidiaries pursuant to legislation	35	32
Auditors' remuneration for non-audit fees		
Other services pursuant to legislation	15	15
Tax services	15	13
Total	105	100

The audit fee for the company was £30,000 (2007 - £30,000)

7. Finance costs

	2008 £000	2007 £000
31 5% cumulative preference dividend	142	142
Bank loan and overdraft	2,027	1,585
Loss/(profit) on financial derivative instrument	130	(112)
Other interest payable	7	5
Interest payable and similar charges	2,306	1,620
Interest receivable	(8)	(81)
	2,298	1,539

8 Tax on profit before taxation

	2008 £000	2007 £000
Corporation tax at 30% (2007 - 30%) based on the profit for the year	2,663	2,584
Adjustment in respect of prior years	-	(50)
	2,663	2,534
Deferred tax (timing differences - origination and reversal)	(50)	157
	2,613	2,691

Notes to the Accounts *(continued)*

Year ended 31 January 2008

8 Tax on profit before taxation (continued)

The actual tax charge for the current and the previous year exceeds the standard rate for the reasons set out in the following reconciliation

	2008 £000	2007 £000
Profit on ordinary activities before tax	8,578	8,930
Tax on profit on ordinary activities at standard rate of 30% (2006 - 30%)	2,573	2,679
Factors affecting charge for the period		
Expenses not deductible for tax purposes	46	46
Effects of other tax rates	(6)	-
Prior period adjustments	-	(34)
Total actual amount of tax	2,613	2,691

Deferred tax on the UK timing differences has been calculated at the rate of 28 per cent (2007 - 30 per cent) The effect of the reduction in the UK corporation tax rate from 30 per cent to 28 per cent from 1 April 2008 has resulted in a reduced net deferred tax liability for the Group in the period ended 31 January 2008

9. Profit of parent company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts The parent company's profit for the financial year after taxation amounted to £4,400,000 (2007 - £3,930,000)

10. Dividends

	2008 £000	2007 £000
Final paid for the year ended 31/1/2007 - 23 0p per Ordinary share (22 0p)	2,700	2,583
Interim paid for the year ended 31/1/2008 - 9 0p per Ordinary share (9 0p)	1,056	1,056
Total ordinary dividends paid	3,756	3,639
6% cumulative preference dividend paid March and September 2007	12	11
Total ordinary dividends paid	3,768	3,650

The directors are proposing a final dividend for the year ended 31 January 2008 of 23 0p per ordinary share The dividend will be paid on 6 June 2008 to shareholders on the register at close of business on 9 May 2008 subject to approval by shareholders at the Annual General Meeting on Friday 16 May 2008

11. Earnings per ordinary share

The calculation of earnings per ordinary share is based on profit after tax of £5,965,000 (2007 - £6,239,000)

The number of shares used in the calculation is the average number of shares in issue during the year of 11,737,228 (2007 - 11,737,228) There are no dilutive shares

12 Property, plant and equipment

Group	Freehold land and buildings £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 February 2006	1,153	2,684	1,554	5,391
Additions	3	525	138	666
Disposals	-	(536)	(3)	(539)
At 31 January 2007	1,156	2,673	1,689	5,518
Additions	-	472	77	549
Disposals	-	(436)	(305)	(741)
At 31 January 2008	1,156	2,709	1,461	5,326
Accumulated depreciation				
At 1 February 2006	257	1,620	1,231	3,108
Charge for the year	19	351	108	478
Eliminated on disposals	-	(345)	(3)	(348)
At 31 January 2007	276	1,626	1,336	3,238
Charge for the year	19	344	115	478
Eliminated on disposals	-	(318)	(305)	(623)
At 31 January 2008	295	1,652	1,146	3,093
Net book value				
At 31 January 2008	861	1,057	315	2,233
At 31 January 2007	880	1,047	353	2,280

Included in the above is land at a cost or valuation of £60,000 (2007 - £60,000) which is not depreciated

Notes to the Accounts *(continued)*

Year ended 31 January 2008

12 Property, plant and equipment (continued)

Company	Freehold land and buildings £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 February 2006	80	1,080	743	1,903
Additions	-	184	72	256
Disposals	-	(133)	-	(133)
At 31 January 2007	80	1,131	815	2,026
Additions	-	298	18	316
Disposals	-	(246)	-	(246)
At 31 January 2008	80	1,183	833	2,096
Accumulated depreciation				
At 1 February 2006	18	639	569	1,226
Charge for the year	1	142	55	198
Eliminated on disposals	-	(63)	-	(63)
At 31 January 2007	19	718	624	1,361
Charge for the year	1	156	59	216
Eliminated on disposals	-	(183)	-	(183)
At 31 January 2008	20	691	683	1,394
Net book value				
At 31 January 2008	60	492	150	702
At 31 January 2007	61	413	191	665

Included in the above is land at cost of £22,000 (2007 - £22,000) which is not depreciated

The net book value of tangible fixed assets leased out under operating leases was

The Group 2008 £000	The Group 2007 £000	The Company 2008 £000	The Company 2007 £000
243	249	62	65

13 Investments and related party transactions

Company	£000
Shares in subsidiary companies	
At 1 February 2006, 1 February 2007 and 31 January 2008	2,893

Interests in subsidiaries

The principal subsidiaries of the company, all of which are wholly owned directly by the company, operate in Great Britain and are incorporated in England and Wales

Subsidiary	Principal activity
S D Taylor Limited	Consumer credit, rentals and other retail trading
Wilson Tupholme Limited	Consumer credit, rentals and other retail trading
Advantage Finance Limited	Car finance

Related party transactions

Group

Transactions between the company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note During the year the Group obtained supplies amounting to £8,678 (2007 - £12,130) from Grevayne Properties Limited a company which is a related party because Messrs G D C and A M V Coombs are directors and shareholders The amount due to Grevayne Properties Limited at the year end was £nil (2007 - £nil) During the year the company sold a car to a non-executive director Mr M F Hepplewhite for £21,000 being a fair estimate of its market value All settled related party transactions were settled in cash

Company

The company received dividends from other Group undertakings totalling £3,850,000 (2007 - £3,281,000) During the year the company recharged other Group undertakings for various administrative expenses incurred on their behalf The company also received administrative cost recharges from other Group undertakings At 31 January 2008 the company was owed £20,414,181 (2007 - £20,350,921) by other Group undertakings and owed £7,652 (2007 - £3,784) All settled related party transactions were settled in cash

14. Amounts receivable from customers

	The Group		The Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Consumer credit, rentals and other retail trading	55,412	55,622	18,455	19,130
Car finance hire purchase	46,365	40,894	-	-
	101,777	96,516	18,455	19,130
Less Loan loss provision consumer credit, rentals and other retail trading	(16,452)	(15,459)	(5,309)	(5,721)
Less Loan loss provision car finance	(10,431)	(9,036)	-	-
Amounts receivable from customers	74,894	72,021	13,146	13,409
Analysis by future date due				
- due within one year	50,110	49,526	12,998	13,245
- due in more than one year	24,784	22,495	148	164
Amounts receivable from customers	74,894	72,021	13,146	13,409

Notes to the Accounts *(continued)*

Year ended 31 January 2008

14. Amounts receivable from customers (continued)

	The Group		The Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Analysis of security				
Loans secured on vehicles under hire purchase agreements	33,946	30,113	-	-
Loans secured on residential property under 2nd mortgage agreements	1,870	2,131	-	-
Other Loans	39,078	39,777	13,146	13,409
Amounts receivable from customers	74,894	72,021	13,146	13,409
Analysis of overdue				
Not impaired				
Neither past due nor impaired	41,395	40,851	5,929	6,113
Past due up to 3 months but not impaired	15,621	14,576	3,977	3,878
Past due over 3 months but not impaired	8,262	7,972	2,699	2,717
Impaired				
Past due up to 3 months	4,818	4,224	412	408
Past due up to 6 months	1,823	1,794	165	166
Past due over 6 months or default	2,975	2,604	45	46
Amounts receivable from customers	74,894	72,021	13,146	13,409

The credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 1 4 and under this review the credit quality of assets which are neither past due nor impaired was considered to be good with no issues noted The above analysis of when loans are due is based upon original contract terms which are not rescheduled – the carrying amount of amounts receivable from customers whose terms have been renegotiated that would otherwise be past due or impaired is therefore £nil (2007 – £nil)

Analysis of movements on loan loss provisions

	Consumer credit, rentals and other trading	Car finance	Total
	£000	£000	£000
Group			
At 1 February 2006	14,661	7,934	22,595
Charge for year	6,337	4,105	10,442
Amounts written off during year	(3,512)	(1,833)	(5,345)
Unwind of discount	(2,027)	(1,170)	(3,197)
At 31 January 2007	15,459	9,036	24,495
Charge for year	7,822	4,087	11,909
Amounts written off during year	(4,034)	(1,448)	(5,482)
Unwind of discount	(2,795)	(1,244)	(4,039)
At 31 January 2008	16,452	10,431	26,883

14. Amounts receivable from customers (continued)

	Consumer credit, rentals and other trading £000	Car finance £000	Total £000
Company			
At 1 February 2006	5,531	–	5,531
Charge for year	2,161	–	2,161
Amounts written off during year	(1,044)	–	(1,044)
Unwind of discount	(927)	–	(927)
At 31 January 2007	(5,721)	–	(5,721)
Charge for year	2,054	–	2,054
Amounts written off during year	(1,538)	–	(1,538)
Unwind of discount	(928)	–	(928)
At 31 January 2008	5,309	–	5,309

There has been no material change in the average discount rate used for either consumer credit or car finance during the years to 31 January 2007 and 31 January 2008

15 Inventories

	The Group		The Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Finished goods and goods for resale	155	176	34	51

16. Trade and other receivables

	The Group		The Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Amounts owed by subsidiary undertakings	–	–	20,414	20,351
Other debtors	421	534	157	173
Prepayments and accrued income	242	250	48	79
	663	784	20,619	20,603

All the above amounts fall due within one year

Notes to the Accounts *(continued)*

Year ended 31 January 2008

17 Bank overdrafts and loans

	The Group		The Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank overdrafts and loans - due within one year	9,683	11,647	-	1,022
Bank loan - due in more than one year	21,600	20,000	20,000	20,000
	31,283	31,647	20,000	21,022

S&U Plc had the following overdraft facilities available at 31 January 2008

A facility for £10 million (2007 - £10m) was reviewed in March 2007 and is subject to annual review

A facility for £4 million (2007 - £2m) was reviewed in November 2007 and is subject to annual review

The bank overdraft and loans are secured over the assets of the Group under a multilateral guarantee

The company is part of the Group overdraft facility but at 31 January 2008 had £563,000 cash in the bank

A maturity analysis of the above borrowings is given in note 23

After the year end S&U Plc replaced the £10m overdraft facility and £10m of its bank loans due to mature in 2009 with a £6m overdraft facility and a £16m five year term loan facility due to mature in 2013

18. Trade and other payables

	The Group		The Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade creditors	466	365	123	108
Amounts owed to subsidiary undertakings	-	-	7	4
Other creditors	472	613	140	288
	938	978	270	400

19. Deferred tax

Group	Accelerated tax depreciation £000	Revaluation of property £000	Derivative financial instrument £000	Retirement benefit obligations £000	Tax losses £000	Total £000
At 1 February 2006	52	(136)	-	-	111	27
(Debit)/credit to income	(6)	-	(28)	(12)	(111)	(157)
At 31 January 2007	46	(136)	(28)	(12)	-	(130)
(Debit)/credit to income	2	9	38	1	-	50
At 31 January 2008	48	(127)	10	(11)	-	(80)

Company	£000	£000	£000	£000	£000	£000
At 1 February 2006	22	-	-	-	77	99
(Debit)/credit to income	(5)	-	(28)	(12)	(77)	(122)
At 31 January 2007	17	-	(28)	(12)	-	(23)
(Debit)/credit to income	11	-	38	1	-	50
At 31 January 2008	28	-	10	(11)	-	27

The Group and the company have assessed that all the deferred tax assets and liabilities shown above should be offset for financial reporting purposes

Deferred tax on the UK timing differences has been calculated at the rate of 28 per cent (2007 - 30 per cent) The effect of the reduction in the UK corporation tax rate from 30 per cent to 28 per cent from 1 April 2008 has resulted in a reduced net deferred tax liability for the Group in the period ended 31 January 2008

20 Called up share capital and preference shares

	2008 £000	2007 £000
Authorised		
14,400,000 Ordinary shares of 12 5p each	1,800	1,800
200,000 6 0% Cumulative preference shares of £1 each	200	200
Called up, allotted and fully paid		
11,737,228 Ordinary shares of 12 5p each	1,467	1,467
200,000 6 0% Cumulative preference shares of £1 each	200	200
Called up share capital	1,667	1,667

The 6 0% cumulative preference shares enable the holder to receive a cumulative preferential dividend at the rate of 6 0% on paid up capital and the right to a return of capital plus a premium of 10p per share at either a winding up or a repayment of capital The 6 0% cumulative preference shares do not carry voting rights so long as the dividends are not in arrears

Notes to the Accounts *(continued)*

Year ended 31 January 2008

21. Financial liabilities

Preference Share Capital	2008	2007
	£000	£000
Authorised		
3,600,756 31 5% Cumulative preference shares of 12 5p each	450	450
Called up, allotted and fully paid		
3,600,756 31 5% Cumulative preference shares of 12 5p each	450	450

The 31 5% cumulative preference shares entitle the holder to receive a cumulative preference dividend of 31 5% plus associated tax credit and the right to a return of capital plus a premium of 22 5p per share on either a winding up or a repayment of capital The rights of the holders of these shares to dividends and returns of capital are subordinated to those of the holders of the 6 0% cumulative preference shares The 31 5% Cumulative preference shares do not carry voting rights so long as the dividends are not in arrears

22. Shareholders' funds and statement of changes in equity

Group	Called up Share Capital £000	Share Premium Account £000	Profit and Loss Account £000	Total Equity £000
At 1 February 2006	1,667	2,136	33,690	37,493
Actuarial gain on pension	-	-	22	22
Profit for year	-	-	6,239	6,239
Dividends	-	-	(3,650)	(3,650)
At 31 January 2007	1,667	2,136	36,301	40,104
Actuarial loss on pension	-	-	(18)	(18)
Profit for year	-	-	5,965	5,965
Dividends	-	-	(3,768)	(3,768)
At 31 January 2008	1,667	2,136	38,480	42,283

Company	£000	£000	£000	£000
At 1 February 2006	1,667	2,136	11,817	15,620
Actuarial gain on pension	-	-	22	22
Profit for year	-	-	3,930	3,930
Dividends	-	-	(3,650)	(3,650)
At 31 January 2007	1,667	2,136	12,119	15,922
Actuarial loss on pension	-	-	(18)	(18)
Profit for year	-	-	4,400	4,400
Dividends	-	-	(3,768)	(3,768)
At 31 January 2008	1,667	2,136	12,733	16,536

23. Financial instruments

The Group and the company's principal financial instruments are amounts receivable from customers, cash, preference share capital, bank overdrafts and bank loans

The Group and the company's business objectives rely on maintaining a well spread customer base of carefully controlled quality by applying strong emphasis on good credit management, both through strict lending criteria at the time of underwriting a new credit facility and continuous monitoring of the collection process The home collected credit hire purchase debts are secured by the goods The car finance hire purchase debts are secured by the financed vehicle

As at 31 January 2008 the Group's indebtedness amounted to £31,733,000 (2007 - £32,097,000) and the company's indebtedness amounted to £20,450,000 (2007 - £21,472,000) The Group gearing was 74 0% (2007 - 78 9%), being calculated as net borrowings as a percentage of total equity The Board is of the view that the gearing level remains conservative, especially for a lending organisation The table below analyses the Group and company assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date (to contractual maturity)

S&U Plc has unused committed borrowing facilities at 31 January 2008 of £5 0m (2007 - £5 6m) The preference share capital financial liability of £450,000 has no maturity date and is classified as more than five years

The average effective interest rate on financial assets of the Group at 31 January 2008 was estimated to be 56% (2007 - 57%) The average effective interest rate on financial assets of the company was estimated to be 29% (2007 - 29%) The average effective interest rate of financial liabilities of the Group at 31 January 2008 was estimated to be 7% (2007 - 6%) The average effective interest rate on financial liabilities of the Company at 31 January 2008 was estimated to be 7% (2007 - 6%)

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in interest rates and the Group uses interest rate derivative contracts to hedge these exposures in accordance with the accounting policy noted in 1 12 above A 5 year hedge contract on £20m of the Group's borrowings was entered into on 20 September 2005 and has been designated a cash flow hedge The fair value of this contract at 31 January 2008 was estimated to be a liability of £37,000 (2007 - asset of £93,000) The contract is designated as a hedge The debit of £130,000 (2007 - credit of £112,000) has been included within finance costs for the year (note 6) This hedge is an interest rate collar and no cash flows are forecast to arise under this instrument (2007 - no cash flows forecast) Management have looked at the sensitivity of the fair value of the current interest rate collar to movements in forecast interest rates and assess that any impact on future Group profit and equity caused by such fair value movement is not likely to be material

Currency and credit risk

The Group has no material exposure to foreign currency risk Group trade and other receivables and cash are considered to have no material credit risk The credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 1 4 It should be noted that the credit risk at the individual customer level is limited by strict adherence to credit control rules which are regularly reviewed The credit risk is also mitigated in the car finance segment of our business by ensuring that the valuation of the security at origination of the loan is within glasses guide and cap limits

Interest rate risk

The Group's activities expose it to the financial risks of changes in interest rates and the Group uses interest rate derivative contracts to hedge these exposures in bank borrowings in accordance with the accounting policy noted in 1 12 above There is considered to be no material interest rate risk in cash, trade and other receivables, preference shares and trade and other payables

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date For floating rate liabilities, the analysis is prepared assuming the liability outstanding at the balance sheet date was outstanding for the whole year

Notes to the Accounts *(continued)*

Year ended 31 January 2008

23 Financial instruments (continued)

If interest rates had been 0 5% higher/lower and all other variables were held constant, the Group's,

- profit for the year ended 31 January 2008 would decrease/increase by £0 1m (2007 - decrease/increase by £0 1m) This is mainly attributable to the Group's exposure on its variable rate borrowings

- total equity would decrease/increase by £0 1m (2007 - decrease/increase by £0 1m) This is mainly attributable to the Group's exposure on its variable rate borrowings

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's,

- profit for the year ended 31 January 2008 would decrease by £0 1m or increase by £0 2m (2007 - decrease by £0 1m or increase by £0 2m) This is mainly attributable to the Group's exposure on its variable rate borrowings

- total equity would decrease by £0 1m or increase by £0 2m (2007 - decrease by £0 1m or increase by £0 2m) This is mainly attributable to the Group's exposure on its variable rate borrowings

Capital risk management

The Board of Directors assess the capital needs of the Group on an ongoing basis and approve all capital transactions The Group's objective in respect of capital risk management is to maintain a conservative "Group Gearing" level with respect to market conditions, whilst taking account of business growth opportunities in a capital efficient manner "Group Gearing" is calculated as the sum of Bank Overdrafts plus Bank Loans (as disclosed within Non Current Liabilities) divided by Total Equity At 31 January 2008 the group gearing level was 74% which the directors consider to have met their objective

External capital requirements are imposed by the FSA on Advantage Finance Throughout the year this company has maintained a capital base greater than this requirement

Fair values of financial assets and liabilities

The fair values of amounts receivable from customers, bank loans and overdrafts and other assets and liabilities with the exception of the junior preference share capital are considered to be not materially different from their book values The junior preference share capital classified as a financial liability is estimated to have a fair value of £1 9m (2007 - £1 9m) but is considered more appropriate under IFRS to be included in the balance sheet at amortised cost Fair values which are recognised or disclosed in these financial statements are determined in whole or in part using a valuation technique based on assumptions that are supported by prices from observable current market transactions in the same instrument (i e without modification or repackaging) and based on available observable market data

Liquidity risk

The Group's liquidity risk is shown in the following tables which measure the cumulative liquidity gap Most of the Group's financial assets are repayable within one year which together with gearing of less than 80% results in a positive liquidity position After the year end S&U Plc also replaced £10m of its bank loans due to mature in 2009 with a new £16m 5 year term loan facility due to mature in 2013 which further reduces any liquidity risk

23. Financial instruments (continued)

Group At 31 January 2008	Less than 1 year £000	More than 1 year but not more than 2 years £000	More than 2 years but not more than 5 years £000	More than 5 years £000	Non interest bearing £000	Total £000
Financial assets	50,110	10,811	12,860	1,113	-	74,894
Other assets	-	-	-	-	3,091	3,091
Cash at bank and in hand	11	-	-	-	-	11
Total assets	50,121	10,811	12,860	1,113	3,091	77,996
Shareholders' funds	-	-	-	-	(42,283)	(42,283)
Bank overdrafts and loans	(9,683)	(21,600)	-	-	-	(31,283)
Financial liabilities	-	-	-	(450)	-	(450)
Other liabilities	-	-	-	-	(3,980)	(3,980)
Total liabilities and shareholders' funds	(9,683)	(21,600)	-	(450)	(46,263)	(77,996)
Cumulative gap	40,438	29,649	42,509	43,172	-	-

Group At 31 January 2007	Less than 1 year £000	More than 1 year but not more than 2 years £000	More than 2 years but not more than 5 years £000	More than 5 years £000	Non interest bearing £000	Total £000
Financial assets	49,526	9,793	11,324	1,378	-	72,021
Other assets	-	-	-	-	3,373	3,373
Cash at bank and in hand	5	-	-	-	-	5
Total assets	49,531	9,793	11,324	1,378	3,373	75,399
Shareholders' funds	-	-	-	-	(40,104)	(40,104)
Bank overdrafts and loans	(11,647)	-	(20,000)	-	-	(31,647)
Financial liabilities	-	-	-	(450)	-	(450)
Other liabilities	-	-	-	-	(3,198)	(3,198)
Total liabilities and shareholders' funds	(11,647)	-	(20,000)	(450)	(43,302)	(75,399)
Cumulative gap	37,884	47,677	39,001	39,929	-	-

Notes to the Accounts *(continued)*

Year ended 31 January 2007

23. Financial instruments (continued)

Company At 31 January 2008	Less than 1 year £000	More than 1 year but not more than 2 years £000	More than 2 years but not more than 5 years £000	More than 5 years £000	Non interest bearing £000	Total £000
Financial assets	12,998	148	–	–	–	13,146
Other assets	–	–	–	–	24,315	24,315
Cash at bank and in hand	574	–	–	–	–	574
Total assets	13,572	148	–	–	24,315	38,035
Shareholders' funds	–	–	–	–	(16,536)	(16,536)
Bank overdrafts and loans	–	(20,000)	–	–	–	(20,000)
Financial liabilities	–	–	–	(450)	–	(450)
Other liabilities	–	–	–	–	(1,049)	(1,049)
Contingent liabilities	(10,246)	–	–	–	–	(10,246)
Total liabilities and shareholders' funds	(10,246)	(20,000)	–	(450)	(17,585)	(48,281)
Cumulative gap	3,326	(16,526)	(16,526)	(16,976)	(10,246)	(10,246)

Company At 31 January 2007	Less than 1 year £000	More than 1 year but not more than 2 years £000	More than 2 years but not more than 5 years £000	More than 5 years £000	Non interest bearing £000	Total £000
Financial assets	13,245	164	–	–	–	13,409
Other assets	–	–	–	–	24,747	24,747
Cash at bank and in hand	4	–	–	–	–	4
Total assets	13,249	164	–	–	24,747	38,160
Shareholders' funds	–	–	–	–	(15,922)	(15,922)
Bank overdrafts and loans	(1,022)	–	(20,000)	–	–	(21,022)
Financial liabilities	–	–	–	(450)	–	(450)
Other liabilities	–	–	–	–	(766)	(766)
Contingent liabilities	(10,625)	–	–	–	–	(10,625)
Total liabilities and shareholders' funds	(11,647)	–	(20,000)	(450)	(16,688)	(48,785)
Cumulative gap	1,602	1,766	(18,234)	(18,684)	(10,625)	(10,625)

23 Financial instruments (continued)

The gross contractual cash flows payable under financial liabilities are analysed as follows,

Group At 31 January 2008	Repayable on demand £000	Less than 1 year £000	More than 1 year but not more than 2 years £000	More than 2 years but not more than 5 years £000	More than 5 years £000	Total £000
Bank overdrafts and loans	9,683	-	-	-	-	9,683
Trade and other payables	-	938	-	-	-	938
Tax liabilities	-	1,565	-	-	-	1,565
Accruals and deferred income	-	1,360	-	-	-	1,360
Bank loans	-	-	21,600	-	-	21,600
Deferred tax liabilities	-	-	80	-	-	80
Financial liabilities	-	-	-	-	450	450
Derivative financial instruments	-	-	-	37	-	37
At 31 January 2008	9,683	3,863	21,680	37	450	35,713

Group At 31 January 2007	Repayable on demand £000	Less than 1 year £000	More than 1 year but not more than 2 years £000	More than 2 years but not more than 5 years £000	More than 5 years £000	Total £000
Bank overdrafts and loans	11,647	-	-	-	-	11,647
Trade and other payables	-	978	-	-	-	978
Tax liabilities	-	867	-	-	-	867
Accruals and deferred income	-	1,223	-	-	-	1,223
Bank loans	-	-	-	20,000	-	20,000
Deferred tax liabilities	-	-	130	-	-	130
Financial liabilities	-	-	-	-	450	450
Derivative financial instruments	-	-	-	-	-	-
At 31 January 2007	11,647	3,068	130	20,000	450	35,295

Notes to the Accounts *(continued)*

Year ended 31 January 2008

23. Financial instruments (continued)

Company At 31 January 2008	Repayable on demand £000	Less than 1 year £000	More than 1 year but not more than 2 years £000	More than 2 years but not more than 5 years £000	More than 5 years £000	Total £000
Trade and other payables	-	270	-	-	-	270
Tax liabilities	-	287	-	-	-	287
Accruals and deferred income	-	455	-	-	-	455
Bank loans	-	-	20,000	-	-	20,000
Deferred tax liabilities	-	-	-	-	-	-
Financial liabilities	-	-	-	-	450	450
Derivative financial instruments	-	-	-	37	-	37
At 31 January 2008	-	1,012	20,000	37	450	21,499

Company At 31 January 2007	Repayable on demand £000	Less than 1 year £000	More than 1 year but not more than 2 years £000	More than 2 years but not more than 5 years £000	More than 5 years £000	Total £000
Bank overdrafts and loans	1,022	-	-	-	-	1,022
Trade and other payables	-	400	-	-	-	400
Tax liabilities	-	135	-	-	-	135
Accruals and deferred income	-	208	-	-	-	208
Bank loans	-	-	-	20,000	-	20,000
Deferred tax liabilities	-	-	23	-	-	23
Financial liabilities	-	-	-	-	450	450
Derivative financial instruments	-	-	-	-	-	-
At 31 January 2007	1,022	743	23	37	450	22,238

24. Reconciliation of operating profit to net cash from operating activities

	The Group		The Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Operating Profit	10,876	10,469	4,804	4,302
Finance costs paid	(2,176)	(1,732)	(137)	(234)
Finance income received	8	81	138	39
Tax paid	(1,965)	(438)	229	522
Depreciation on plant, property and equipment	478	478	216	198
Loss on disposal of plant, property and equipment	27	29	12	3
(Increase)/decrease in amounts receivable from customers	(2,873)	(7,839)	263	(890)
Decrease/(increase) in inventories	21	(95)	17	(21)
Decrease/(increase) in trade and other receivables	121	(165)	(16)	378
(Decrease)/increase in trade and other payables	(40)	25	(130)	(477)
Increase/(decrease) in accruals and deferred income	137	(80)	247	15
(Decrease) in retirement benefit obligations	(18)	(18)	(18)	(18)
Net cash from operating activities	4,596	715	5,625	3,817

25 Financial commitments

Capital commitments

At 31 January 2008 and 31 January 2007, the Group and company had no capital commitments contracted but not provided for

Operating lease commitments

At 31 January 2008 and 31 January 2007, the Group and company had annual commitments under non-cancellable other operating leases as set out below

	The Group		The Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Land and buildings				
Leases which expire				
Within one year	84	12	21	12
Within two to five years	91	197	48	131
After five years	16	38	-	-
	191	247	69	143
Other				
Leases which expire				
Within one year	1	1	-	-
Within two to five years	8	9	-	-
After five years	-	-	-	-
	9	10	-	-

Notes to the Accounts *(continued)*

Year ended 31 January 2008

26 Contingent liabilities

In respect of the Group, the directors are not aware of any contingent liabilities The company has entered into cross-guarantee arrangements with respect to the bank overdrafts of certain of its subsidiaries The maximum exposure under this arrangement at 31 January 2008 was £10,246,000 (2007 - £10,625,000)

27 Retirement benefit obligations

The company operates a defined benefit scheme in the UK The plan is funded by payment of contributions to a separate trustee administered fund The pension cost relating to the scheme is assessed in accordance with the advice of a qualified independent actuary using the attained age method The last formal valuation was at 31 March 2004 At that valuation it was assumed that future investment returns would be 7% per annum, salary increases for active members would be 4 5% per annum and inflation would be 3% per annum The valuation results have been updated on the advice of a qualified actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at 31 January 2008 The last actuarial valuation highlighted that the scheme was in surplus on an ongoing basis with the value of assets being sufficient to cover the actuarial value of accrued liabilities No contributions are therefore being paid to the scheme at the present time and the estimated amount of contributions expected to be paid into the scheme during the year to 31 January 2009 is £nil

Disclosures made in accordance with IAS 19

A full actuarial valuation was carried out at 31 March 2004 and updated to 31 January 2008 by a qualified independent actuary The valuation method used was the attained age method The major assumptions used by the actuary were (in nominal terms)

	At year end 31 January 2008	At year end 31 January 2007
Rate of increase in salaries	4 9%	4 8%
Rate of increase in pensions in payment	3 4%	3 3%
Discount rate	6 1%	5 3%
Inflation assumption	3 4%	3 3%

The analysis of the scheme assets and the expected rate of return at the balance sheet date were as follows,

	Expected rate of return at 31 January 2008	Fair value at 31 January 2008 £000	Expected rate of return at 31 January 2007	Fair value at 31 January 2007 £000
Equities	8 4%	699	7 8%	815
Bonds	6 1%	286	5 3%	256
Other	5 2%	54	5 2%	24
Total market value of assets		1,039		1,095

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows,

	2008 £000	2007 £000
Present value of defined benefit obligations	999	1,055
Fair value of plan assets	(1,039)	(1,095)
Pension (asset)	(40)	(40)

27 Retirement benefit obligations (continued)

	2008 £000	2007 £000
Current service cost	8	8
Interest on obligation	52	49
Expected return on plan assets	(78)	(75)
Net actuarial losses (gains) recognised in year	-	-
Past service cost	-	-
Restriction of likely surplus asset	-	4
Expense recognised in the income statement	(18)	(14)
Opening net (asset)/liability	(40)	(4)
Expense	(18)	(14)
Contributions paid	-	-
Actuarial (gain) loss	18	(22)
Closing net (asset)	(40)	(40)

The expense credit in both years is shown within administrative expenses

History of experience adjustments	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Expected return on plan assets	78	75	73	73	63
Actuarial gain (loss) on plan assets	(49)	42	40	8	169
Actual return on plan assets	29	117	113	81	232
Movement in present value of obligation					
Present value of obligation at 1 February	1,055	1,056	1,050	1,115	1,030
Interest cost	52	49	55	61	57
Current service cost	8	8	5	5	10
Other cost	-	4	-	-	37
Benefits paid	(85)	(82)	(80)	(81)	(82)
Actuarial (gain) loss on obligation	(31)	20	26	(50)	63
Present value of obligation at 31 January	999	1,055	1,056	1,050	1,115
Experience adjustment on scheme liabilities					
Actuarial (gain) loss as percentage of scheme liabilities	3%	2%	2%	5%	10%
Movement in fair value of plan assets					
Fair value of plan assets at 1 February	1,095	1,060	1,027	1,027	877
Expected return on plan assets	78	75	73	73	63
Contributions	-	-	-	-	-
Benefits paid	(85)	(82)	(80)	(81)	(82)
Actuarial gain (loss) on plan assets	(49)	42	40	8	169
Fair value of plan assets at 31 January	1,039	1,095	1,060	1,027	1,027
Experience adjustment on scheme assets					
Actuarial (gain) loss as percentage of scheme assets	5%	4%	4%	1%	16%

Five Year Financial Record

	2004 UK GAAP £000	2005 IFRS £000	2006 IFRS £000	2007 IFRS £000	2008 IFRS £000
Operating profit	9,693	11,068	10,818	10,469	10,876
Profit before taxation	9,037	9,550	9,124	8,930	8,578
Taxation	(2,711)	(2,919)	(2,787)	(2,691)	(2,613)
Profit for the year	6,326	6,631	6,337	6,239	5,965
Assets employed					
Fixed assets	2,474	2,357	2,283	2,280	2,233
Amounts receivable and other assets	65,589	61,506	66,347	73,119	75,763
	68,063	63,863	68,630	75,399	77,996
Liabilities	(29,832)	(29,282)	(31,137)	(35,295)	(35,713)
Total equity	38,231	34,581	37,493	40,104	42,283
Earnings per Ordinary share	52 6p	56 5p	54 0p	53 2p	50 8p
Dividends declared per Ordinary share	30 0p	31 0p	31 0p	32 0p	32 0p
Key ratios					
Return on capital employed	16 2%	18 2%	16 4%	14 6%	14 8%
Group gearing	62 8%	74 6%	75 3%	78 9%	74 0%

The results for the year ended 31 January 2004 have not been restated in accordance with IFRS Hence those results are not directly comparable to 2005, 2006, 2007 and 2008

Key ratios have been calculated as follows

"Return on capital employed" is calculated as Operating Profit divided by the sum of Total Equity plus Bank Overdrafts and Loans in Current Liabilities plus Bank Loans and Financial Liabilities (both as disclosed within Non Current Liabilities)

"Group Gearing" is calculated as the sum of Bank Overdrafts plus Bank Loans (as disclosed within Non Current Liabilities) divided by Total Equity

Notice of Meeting

Notice is hereby given that the seventieth Annual General Meeting of S&U Plc will be held at Nuthurst Grange Hotel, Hockley Heath, Warwickshire B94 5NL on Friday 16 May 2008 at 11 30a m for the following purposes

To consider and, if thought fit, pass the following resolutions Resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 13 will be proposed as a special resolutions

Ordinary Resolutions

1 To receive the directors' report and the company's annual accounts for the year ended 31 January 2008, together with the auditor's report on those accounts and the auditable part of the directors' remuneration report

2 To approve the directors' remuneration report for the year ended 31 January 2008

3 To declare a final ordinary dividend for the year ended 31 January 2008 of 23 0 pence per ordinary share in the capital of the company, to be paid on 6 June 2008 to shareholders whose names appear on the register at close of business on 9 May 2008

4 To re-elect as a director Mr G D C Coombs (Aged 55) who retires by rotation

5 To re-elect as a director Mr J G Thompson (Aged 52) who retires by rotation

6 To re-elect as a director Mr F Coombs (Aged 39) who retires by rotation

7 To re-appoint Deloitte & Touche LLP as auditors of the company

8 To authorise the directors to fix the remuneration of the auditors

9 To approve and adopt the rules of the S&U Plc 2008 Discretionary Share Option Plan ("the Plan") the principal features of which are summarised in the Appendix to the Chairman's letter contained in the circular dated 18 April 2008 (a draft of is produced to the meeting for the purposes of identification) and to authorise the directors of the Company to make such amendments to the UK Approved Addendum to the Plan as may be necessary to obtain the approval of HM Revenue and Customs to the same and to do all things necessary or expendient to carry the Plan into effect

10 THAT the directors be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £73,357 provided that this authority is for a period expiring on the conclusion of the Company's next AGM but the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired This authority is in substitution for all subsisting authorities, to the extent unused

Special Resolutions

11 THAT subject to the passing of the resolution above numbered 9, the directors be and they are empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 (2) to section 94 (3A) of the Act) wholly for cash pursuant to the authority conferred by the resolution above numbered, as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities

a in connection with an offer of such securities by way of rights or other pre-emptive offers to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange, and

b otherwise pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £73,357,

and shall expire on the conclusion of the next AGM of the Company after the passing of this resolution, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by the previous resolution" were omitted

Notice of Meeting *(continued)*

12 That, pursuant to Article 7 of the Company's Articles of Association, the company be generally and unconditionally authorised, in accordance with Section 166 of the Companies Act 1985 ("the Act"), to make market purchases (within the meaning of Section 163(3) of the Act) of Cumulative Preference Shares of £1 each in the capital of the Company ("Cumulative Preference Shares") provided that -

a the maximum number of Cumulative Preference Shares hereby authorised to be purchased is 200,000,

b this authority shall expire at the conclusion of the Annual General Meeting in 2009 unless such authority is renewed prior to that time (except in relation to the purchase of Cumulative Preference Shares the contract for which was concluded before such time and which will or may be executed wholly or partly after such time)

13 That, pursuant to Article 7 of the Company's Articles of Association, the company be generally and unconditionally authorised, in accordance with Section 166 of the Act, to make market purchases (within the meaning of Section 163(3) of the Act) of 31 5 per cent Cumulative Preference Shares of 12 5 pence each in the capital of the company ("31 5 per cent Cumulative Preference Shares") provided that -

a the maximum number of 31 5 per cent Cumulative Preference Shares hereby authorised to be purchased is 3,600,756,

b this authority shall expire at the conclusion of the Annual General Meeting in 2009 unless such authority is renewed prior to that time (except in relation to the purchase of 31 5 per cent Cumulative Preference Shares the contract for which was concluded before such time and which will or may be executed wholly or partly after such time),

c this authority shall not be capable of exercise unless the company has purchased all of the Cumulative Preference Shares or the holders of the Cumulative Preference Shares have consented to the purchase of the 31 5 percent Cumulative Preference Shares by way of a variation to the Articles of Association of the company or otherwise

By Order of the Board

C H Redford
Secretary
10 April 2008

Registered office Royal House, Prince's Gate,
Homer Road, Solihull, West Midlands, B91 3QQ

Notes

1 Any member of the company entitled to attend and vote at this meeting may appoint a person or persons as a proxy to attend and on a poll to vote in his stead A proxy need not be a member of the company Proxy forms must be lodged with the registrars not later than 48 hours before the time fixed for the meeting or any adjournment thereof together with any power of attorney (or a notarially certified copy thereof) under which it was signed Appointment of a proxy shall not preclude a shareholder from attending in person

2 In accordance with the company s articles of association, holders of the 6% and 31 5% Cumulative Preference Shares are not entitled to attend or vote in respect of these shares at this Annual General Meeting

3 The following information is available for inspection during normal business hours at the registered office of the company (excluding weekends and public holidays) It will also be available for inspection at the place of the annual general meeting from 11am on the day of the meeting until the conclusion of the meeting

(a) the register of interests of directors and their connected persons in the share capital of the Company,

(b) copies of the directors service contracts,

(c) the proposed rules of the S&U Plc 2008 Discretionary Share Option Plan

4 Biographical details of those directors who are offering themselves for election or re-election are set out on page 7 of the enclosed annual report and accounts.

5 The directors seek authority to allot a maximum of up to 5% of the company's issued ordinary share capital (586 856 ordinary shares of 12 5 pence representing £73 357 nominal value) No treasury shares are held by the company The directors would propose to exercise this authority only in cirumstances where such an allotment represented an appropriate method of raising capital and improving the liquidity of the shares Unless renewed any authority approved will lapse at the next AGM The maximum amount of shares to be disapplied in resolution 10 under section 95 of the Act is up to 5% of the company's issued ordinary share capital (586 856 ordinary shares of 12 5 pence representing £73,357 nominal value)

6 The directors seek authority to enable them to purchase the preference share capital of the company The directors would propose to exercise this authority only in circumstances where such a purchase would increase the earnings per share of the company and in the event of any such purchase the preference shares would be cancelled Unless renewed any authority approved will lapse at the next AGM

Form of Proxy

Proxy for use at the annual general meeting of the company
to be held on 16 May 2008 at 11.30 a.m

I/We   of
(Block Capitals)

being a member/members of the above-named company, HEREBY APPOINT the chairman of the meeting*

to act as my/our proxy and to vote for me/us on my/our behalf at the annual general meeting of the company, to be held on the 16 May 2008 at 11 30 a m and any adjournment thereof, and in respect of the resolutions set forth in the notice convening such meeting to vote thereon as directed below, or failing any direction as regards the resolutions, as my/our proxy thinks fit both as to how he/she votes and as to whether or not he/she abstains from voting

The manner in which the proxy is to vote should be indicated by inserting 'X' in the appropriate box.

Ordinary resolutions		FOR	AGAINST
Resolution No 1 –	To receive and adopt the Statement of Accounts for the year ended 31 January 2008 together with the Reports of the Directors and Auditors		
Resolution No 2 –	To approve the report of the Board on remuneration policy		
Resolution No 3 –	To declare a final dividend		
Resolution No 4 –	To re-elect Mr G D C Coombs as a director		
Resolution No 5 –	To re-elect Mr J G Thompson as a director		
Resolution No 6 –	To re-elect Mr F Coombs as a director		
Resolution No 7 –	To re-appoint Deloitte & Touche LLP as auditors		
Resolution No 8 –	To authorise the directors to agree the remuneration of the auditors		
Resolution No 9 –	To approve and adopt the rules of the S&U plc 2008 Discretionary Share Option Plan		
Resolution No 10 –	To give the company authority to allot shares		
Special resolutions			
Resolution No 11 –	Disapplication of pre-emption rights		
Resolution No 12 –	To give the company authority to make market purchases of its own 6% cumulative preference shares		
Resolution No 13 –	To give the company authority to make market purchases of its own 31 5% cumulative preference shares		

Signed this   day of   2008   Signature

* Delete if it is desired to appoint any other person and insert his/her name and address A proxy need not be a member of the company

NOTES

(1) In the case of a corporation this proxy must be executed either under its common seal or under the hand of an officer or attorney duly authorised

(2) This proxy together with any power of attorney, or other authority under which it is signed must be received by the company at its registrars' office (address as over) not less than 48 hours before the time for the holding of the meeting

(3) Any member of the company entitled to attend and vote at this meeting may appoint another person or persons as a proxy to attend and, on a poll to vote in his stead The proxy need not be a member of the company

(4) In accordance with the company's articles of association holders of the 6.0% and 31 5% cumulative preference shares are not entitled to attend or vote in respect of these shares at this annual general meeting

SECOND FOLD

AFFIX
STAMP
HERE

Capita Registrars
Proxy Department
PO Box 25
Beckenham
Kent BR3 4BR

FIRST FOLD

THIRD FOLD AND TUCK IN

ALDERSHOT

BACUP

BARTON

BIRMINGHAM

BRISTOL

CARLISLE

EDINBURGH

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FALKIRK

FALMOUTH

GLASGOW

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