Company Registration No: 3773673

Advantage Finance Limited

Report and Financial Statements

31 January 2013

Advantage Finance Limited

CONTENTS

Advantage Finance Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B A Burton
K Charlton
A M V Coombs
G D C Coombs
J Murdoch
C H Redford
J G Thompson
A Tuplin
H A Wilkinson
S Wilkinson (appointed 29 2 2012)

SECRETARY

C H Redford

REGISTERED OFFICE

Royal House, Princes Gate
Homer Road
Solihull
B91 3QQ

BANKERS

HSBC Bank plc
130 New Street
Birmingham
B2 4JU

SOLICITORS

DLA
Victoria Square House,
Victoria Square,
Birmingham
B2 4DC

AUDITOR

Deloitte LLP
Chartered Accountants
Birmingham

Advantage Finance Limited

DIRECTORS' REPORT

The directors present their Annual Report and the audited financial statements for the year ended 31 January 2013

PRINCIPAL ACTIVITIES

The Company's principal activity during the year continued to be the provision of hire purchase car finance

BUSINESS REVIEW, RESULTS AND DIVIDENDS

The financial year 2012/2013 was a very successful year for Advantage Finance as volumes grew and repayment performance was good reflecting strong underwriting and increased yield where paying customers are keeping their cars for longer Pre tax profit grew by 37% on revenue up 17% and number of live agreements up 15% at 14,867 Liabilities increased by 20% and net assets were up 36% The directors see these results as providing a firm platform for the future development and growth of the Company

The Company's profit on ordinary activities after tax was £6 2m (2012 £4 3m) Interim ordinary dividends of £2 1m (2012 £1 6m) were paid during the year, leaving retained profits of £4 1m (2012 £2 7m) to be transferred to reserves The Company's principal balance sheet asset remains its book debt and the directors consider the year-end balance sheet position to be satisfactory

DIRECTORS

The directors who served during the year were

BA Burton, AMV Coombs, GDC Coombs, K Charlton, J Murdoch, CH Redford, JG Thompson, A Tuplin, HA Wilkinson and S Wilkinson
The directors retiring by rotation are GDC Coombs, JG Thompson and HA Wilkinson who, being eligible, offer them selves for re-election

REVIEW OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company is involved in the provision of consumer credit and a key risk for the Company 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 maximum exposure to credit risk relates to the risk in cash, amounts receivable from customers and trade and other receivables The Company is also subject to legislative and regulatory change within the consumer credit sector and this is managed through internal compliance procedures and close involvement with trade organisations such as the Finance and Leasing Association The Company is part of the S&U Group whose business activities expose it to the financial risks of changes in interest rates and where appropriate 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 the S&U Group accounts

STATEMENT OF GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements The Company is part of the S&U Group and the Group has committed to financially support the Company, the Group's objectives, policies and processes for managing its capital are described in the notes to the S&U Plc Group accounts Details of the Group's financial risk management objectives, its financial instruments and hedging activities, and its exposures to credit risk, market risk and liquidity risk are also set out in the notes to the S&U Plc Group accounts Details of the company's exposure to cross guarantee arrangements are disclosed in note 18 In considering all of the above the directors believe that the Company is well placed and has sufficient financial resources to manage its business risks successfully despite the uncertain economic outlook

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements

Advantage Finance Limited

DIRECTORS' REPORT (CONTINUED)

AUDIT STATEMENT

Each of the directors at the date of approval of this report confirms that

1 so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

2 the director has taken all steps that he ought to have taken as a director 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 418 of the Companies Act 2006

CREDITOR PAYMENT POLICY

The Company is part of the S&U plc Group and the Group and the Company do not follow any published code of practice but agree terms and conditions with their 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 Company for the year ended 31 January 2013 were 42 days (2012 – 44 days), calculated in accordance with the requirements set down in the Companies Act This represents the ratio, expressed in days, between the amounts invoiced to the Company by its suppliers in the year and the amount due, at the year end, to trade creditors within one year

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor 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

CH Redford

Company Secretary

17 May 2013

Advantage Finance Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- 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, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006 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

By order of the Board

CH Redford

Company Secretary

17 May 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANTAGE FINANCE LIMITED

We have audited the financial statements of Advantage Finance Limited for the year ended 31 January 2013which comprise Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 23 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 January 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

In our opinion the financial statements comply with IFRSs as issued by the IASB

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Peter Birch (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Bimingham, United Kingdom

17 May 2013

ADVANTAGE FINANCE LIMITED
INCOME STATEMENT
Year ended 31 January 2013

	Note	2013 £000	2012 £000
Revenue	2	20,801	17,782
Cost of sales	3	(8,847)	(8,511)
Gross profit		11,954	9,271
Administrative expenses		(3,029)	(2,673)
Operating profit	5	8,925	6,598
Finance costs	6	(845)	(692)
Profit before tax	2	8,080	5,906
Tax Charge	7	(1,927)	(1,561)
Profit for the year		6,153	4,345

All activities derive from continuing operations

STATEMENT OF COMPREHENSIVE INCOME

	2013 £000	2012 £000
Profit for the year	6,153	4,345
Credit for cost of future share based payments	145	88
Total Comprehensive Income for the year	6,298	4,433

ADVANTAGE FINANCE LIMITED　　Company Registration No: 3773673

BALANCE SHEET
31 January 2013

	Note	2013 £000	2012 £000
ASSETS			
Non Current Assets			
Property, plant and equipment	9	267	258
Investments	10	-	-
Amounts receivable from customers	11	34,311	27,103
Deferred tax assets	15	135	45
		34,713	27,406
Current Assets			
Amounts receivable from customers	11	18,188	15,152
Trade and other receivables	12	136	105
		18,324	15,257
Total Assets		53,037	42,663
LIABILITIES			
Current liabilities			
Bank overdrafts	13	(964)	(88)
Trade and other payables	14	(32,857)	(28,669)
Tax liabilities		(1,209)	(933)
Provision for liabilities		(588)	-
Accruals and deferred income	14	(1,444)	(1,196)
Total liabilities		(37,062)	(30,886)
NET ASSETS		15,975	11,777
Equity			
Called up share capital	16	1	1
Profit and loss account		15,974	11,776
Total equity		15,975	11,777

The financial statements for Advantage Finance Limited (company registered no 3773673) were approved by the Board of Directors on 17 May 2013

Signed on behalf of the Board of Directors

CH Redford

STATEMENT OF CHANGES IN EQUITY
Year ended 31 January 2013

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 February 2011	1	8,943	8,944
Total comprehensive income for year	-	4,433	4,433
Dividends	-	(1,600)	(1,600)
At 31 January 2012	1	11,776	11,777
Total comprehensive income for year	-	6,298	6,298
Dividends	-	(2,100)	(2,100)
At 31 January 2013	1	15,974	15,975

CASH FLOW STATEMENT
Year ended 31 January 2013

	Note	2013 £000	2012 £000
Net cash inflow from operating activities	17	1,317	2,282
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		11	6
Purchases of property, plant and equipment		(104)	(180)
Net cash used in investing activities		(93)	(174)
Cash flows from financing activities			
Dividends paid		(2,100)	(1,600)
Net increase/(decrease) in overdraft		876	(508)
Net cash used in financing activities		(1,224)	(2,108)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of period		-	-
Cash and cash equivalents at the end of period		-	-

1. ACCOUNTING POLICIES

1.1 General Information

Advantage Finance Limited is a company incorporated in the United Kingdom under the Companies Act The address of the registered office is given on page 2 All operations are situated in the United Kingdom

1.2 Basis of preparation

As part of a listed group we elected to prepare our financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

These financial statements have been prepared under the historical cost convention As discussed in the Directors' Report, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

In the current year and in accordance with IFRS requirements, certain new and revised Standards and Interpretations have been adopted but these have had no significant effect on the amounts reported in these financial statements 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

IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 13	Fair Value Measurement
IAS 1 (amendments)	Presentation of items of other comprehensive income
IAS 19 (amendments)	Employee Benefits
IAS 27 (amendments)	Separate Financial Statements
IAS 32/IFRS 7 (amendments)	Offsetting Financial Assets and Liabilities

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 Company other than the adoption of IFRS 9 which may have a material impact on the financial assets reported by the Company It is not practical to provide a reasonable estimate of the effect of IFRS 9 until more detailed guidance becomes available nearer the proposed date and a more detailed review is undertaken

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 costs 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 Company does not bear any underlying insurance risk is recognised and credited to the income statement when the brokerage service has been provided In the case of gap insurance sold from September 2011 onwards, the company bears a potential liability to give a pro rata refund to gap customers who terminate early and therefore a proportion of the gap commission is deferred to reflect this estimated potential liability

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 For all accounts which are not impaired, a further incurred but not reported provision (IBNR) is calculated and charged to the income statement based on management's estimates of the propensity of these accounts to default from conditions which existed at the balance sheet date

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 and any provision for impairment 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
Fixtures and Fittings	20% per annum straight line
Motor Vehicles	25% per annum reducing balance

1.6 Investments

Investments are stated at cost less provision for any impairment

1.7 Tax

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 Pensions

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

Advantage Finance Limited

NOTES TO THE ACCOUNTS
Year ended 31 January 2013

1. **ACCOUNTING POLICIES (CONTINUED)**

1.9 Leases

Rental costs under operating leases are charged to the profit and loss account on a straight-line basis

1.10 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The key accounting judgements which the directors have made in the process of applying the Company'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 applied as 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

1.11 Share based payments

The Company issues share-based payments under the S&U plc Group 2008 Discretionary Share Option Plan and the S&U plc Group 2010 Long Term Incentive Plan The cost of these share based payments is based on the fair value of options granted as required by IFRS2 This cost is then charged to the income statement over the vesting period (normally three years) of the related share options with a corresponding credit to reserves

2. **SEGMENTAL ANALYSIS**

All the Company's assets and liabilities, revenue and profit before tax are attributable to the provision of hire purchase car finance

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

3. **COST OF SALES**

	2013 £000	2012 £000
Loan loss provisioning charge	5,291	5,750
Other cost of sales	3,556	2,761
	8,847	8,511

4. **INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

Directors' emoluments	2013 £000	2012 £000
Salary	811	693
Pension	143	38
	954	731

The emoluments of the highest paid director are £515,016 for the year (2012 £352,436) including benefits received and receivable under long term incentive schemes of £101,446 (2012 £80,295), and the Company paid pension contributions on his behalf of £123,870 (2012 £21,320). Three of the directors are paid by other S&U plc Group companies and received no remuneration for their services to this company

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2013	2012
Number of directors who are members of a defined contribution pension scheme	10	10
Average number of persons employed		
Management and administration	80	74
Staff costs during the year (including directors):	**£000**	**£000**
Wages and salaries	2,598	2,213
Social security costs	265	240
Other pension costs	290	126
	3,153	2,579

5. OPERATING PROFIT

	2013 £000	2012 £000
Operating profit is stated after charging:		
Depreciation and amortisation		
Owned assets	81	72
Staff Costs	3,153	2,579
Rentals under operating leases		
Other operating leases	110	92
Loss on sale of fixed assets	3	-
The analysis of auditors' remuneration is as follows;		
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	19	17
Total audit fees	**19**	**17**
Audit related assurance services	10	8
Taxation compliance services	6	5
Other services	-	-
Total non audit fees	**16**	**13**
Total	**35**	**30**

6. FINANCE COSTS

	2013 £000	2012 £000
Bank interest payable	845	692

7. TAX

	2013 £000	2012 £000
Corporation tax at 24 3% (2012 26 3%) based on the profit for the year	2,027	1,596
Current tax adjustment in respect of prior years	(10)	(5)
Deferred tax (note 15)	(90)	(30)
	1,927	1,561

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

	2013 £000	2012 £000
Profit on ordinary activities before tax	8,080	5,906
Tax on profit on ordinary activities at standard rate of 24 3% (2012 26 3%)	1,963	1,555
Factors affecting charge for the period		
Expenses not deductible for tax purposes	8	11
Effects of change in tax rate	(34)	-
Adjustment in respect of prior years	(10)	(5)
Total tax charge for the year	1,927	1,561

The corporation tax rate was reduced from 26% to 24% with effect from 1 April 2012, therefore the tax rate applicable to the current period is a blended rate of 24 3%

The UK government announced a reduction in the standard rate of the UK corporation tax to 23% effective 1 April 2013, which was substantively enacted in July 2012 Deferred tax balances carried forward at 31 January 2013 have therefore been calculated at 23%

The Budget 2013, issued on 20 March 2013, announced that the main rate of corporation tax would be reduced to 21% from 1 April 2014 and to 20% with effect from 1 April 2015 These future rate reductions had not been substantively enacted at the balance sheet date, therefore have not been reflected in these financial statements The effect of these rate reductions will be accounted for in the period they are substantively enacted

8. DIVIDENDS

	2013 £000	2012 £000
Ordinary dividend paid in the year £2,100 per share (2012 £1,600 per share)	2,100	1,600

9. PROPERTY, PLANT AND EQUIPMENT

	Short Leasehold Buildings £000	Motor vehicles £000	Fixtures and Fittings £000	Total £000
Cost or valuation				
At 1 February 2011	46	115	453	614
Additions	30	53	97	180
Disposals	-	(14)	(8)	(22)
At 31 January 2012	76	154	542	772
Additions	20	16	68	104
Disposals	-	(32)	(6)	(38)
As at 31 January 2013	96	138	604	838
Accumulated depreciation				
At 1 February 2011	41	49	368	458
Charge for the year	4	28	40	72
Eliminated on disposals	-	(8)	(8)	(16)
At 31 January 2012	45	69	400	514
Charge for the year	9	23	49	81
Eliminated on disposals	-	(22)	(2)	(24)
As at 31 January 2013	54	70	447	571
Net book value				
At 31 January 2013	42	68	157	267
At 31 January 2012	31	85	142	258

10. INVESTMENTS

	2013 £	2012 £
Shares in subsidiary companies - cost and carrying value		
At 1 February 2011, 1 February 2012 and 31 January 2013	2	2

Interests in subsidiaries

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

Subsidiary	Principal activity
Advantage Motor Finance Limited	Dormant
Communitas Finance Limited	Secured consumer finance

The Company has not prepared consolidated accounts as it is a wholly-owned subsidiary of S&U plc, a company registered in England and Wales, and the ultimate parent company which prepares consolidated financial statements

11. AMOUNTS RECEIVABLE FROM CUSTOMERS

	2013 £000	2012 £000
Credit receivables	71,778	60,338
Less Loan loss provision	(19,279)	(18,083)
Amounts receivable from customers	52,499	42,255
Analysed by future date due		
- due within one year	18,188	15,152
- due in more than one year	34,311	27,103
Amounts receivable from customers	52,499	42,255
Analysis of security		
Loans secured on vehicles under hire purchase agreements	51,807	41,587
Other loans	692	668
Amounts receivable from customers	52,499	42,255
Analysis of overdue		
Not impaired		
Neither past due nor impaired	47,518	36,802
Past due up to 3 months but not impaired	-	-
Impaired		
Past due up to 3 months	2,394	2,514
Past due up to 6 months	852	981
Past due over 6 months or default	1,735	1,958
Amounts receivable from customers	52,499	42,255

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 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 (2012 £nil)

Analysis of movements on loan loss provisions	**£000**
At 1 February 2011	16,276
Charge for year	5,750
Amounts written off during year	(2,127)
Unwind of discount	(1,816)
At 31 January 2012	18,083
Charge for year	5,291
Amounts written off during year	(2,433)
Unwind of discount	(1,662)
As at January 2013	19,279

There has been no material change in the average discount rate used during the years to 31 January 2013 and 31 January 2012

12. TRADE AND OTHER RECEIVABLES

	2013 £000	2012 £000
Other debtors	13	8
Prepayments and accrued income	123	97
	136	105

All the above amounts fall due within one year The carrying value of trade and other receivables is not materially different to their fair value

13. BANK OVERDRAFTS

	2013 £000	2012 £000
Bank overdrafts – due within one year	964	88

The bank overdraft is secured by a cross-guarantee from the parent company S&U plc and all S&U plc group companies (see note 18)

14. TRADE AND OTHER PAYABLES

	2013 £000	2012 £000
Trade creditors	323	314
Amounts owed to other group undertakings	32,007	27,990
Other creditors	527	365
	32,857	28,669

Within 2013 and 2012 accruals and deferred income is an estimation of potential future costs arising as a result of certain product sales As permitted by IAS 37 paragraph 92, certain disclosures required by that standard have not been provided

15. DEFERRED TAX

	Accelerated tax depreciation £000	Share Based Payments £000	Total £000
At 1 February 2011	15	-	15
Credit to income	-	30	30
At 31 January 2012	15	30	45
Credit to income	(13)	103	90
At 31 January 2013	2	133	135

A deferred tax asset has been recognised on the basis that the Company has been historically profitable and the asset can be utilised in the future

16. CALLED UP SHARE CAPITAL

	2013 £000	2012 £000
Authorised, called up, allotted and fully paid		
1,000 Ordinary shares of £1 each	1	1

17. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH FROM OPERATING ACTIVITIES

	2013 £000	2012 £000
Profit before tax	8,080	5,906
Tax paid	(1,741)	(1,344)
Depreciation on plant, property and equipment	81	72
Loss on disposal of plant, property and equipment	3	-
Increase in amounts receivable from customers	(10,244)	(2,967)
(Increase)/decrease in trade and other receivables	(31)	30
Increase/(decrease) in trade and other payables	4,188	(14)
Increase in accruals and deferred income	836	511
Increase in cost of future share based payments	145	88
Net cash inflow from operating activities	1,317	2,282

18. CONTINGENT LIABILITIES

The Company has entered into cross-guarantee arrangements with respect to the bank overdrafts of certain of other group companies The maximum exposure under this arrangement at 31 January 2013 was £19,609,000 (2012 £18,718,000)

19. RELATED PARTY TRANSACTIONS

The Company paid dividends to its parent company S&U plc of £2,100,000 (2012 £1,600,000) During the current and preceding year the Company was recharged by other group undertakings for various administrative expenses incurred on behalf of Advantage Finance Limited At 31 January 2013 the Company owed £32,007,619 (2012 £27,990,405) to other group undertakings and was owed £nil by other group undertakings (2012 £nil)

20. ULTIMATE PARENT COMPANY

The Company's ultimate parent company and controlling party is S&U plc, a company incorporated in England This is the largest and smallest group of which the Company is a member and for which consolidated financial statements are drawn up Copies of the group accounts of S&U plc may be obtained from its registered office at Royal House, Prince's Gate, Solihull, West Midlands, B91 3QQ

21. FINANCIAL COMMITMENTS

Capital commitments

At 31 January 2013 and 31 January 2012 the Company had no capital commitments contracted but not provided for

Operating lease commitments

At 31 January 2013 and 31 January 2012, the Company had had outstanding commitments under non-cancellable operating leases which fall due as follows

	2013 £000	2012 £000
Within one year	80	53
In the second to fifth years inclusive	119	144
After five years	-	18
	199	215

22. PENSION SCHEMES

The Company made contributions of £289,998 (2012 £125,607) to a defined contribution pension scheme and there are no outstanding contributions at 31 January 2013 or 31 January 2012

23. FINANCIAL INSTRUMENTS

The Company's principal financial instruments are amounts receivable from customers, cash, bank overdrafts and bank loans

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 hire purchase debts are secured by the goods

The table below analyses the Company assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date (to contractual maturity)

The average effective interest rate on financial assets of the Company was estimated to be 29% (2012 29%) The average effective interest rate on financial liabilities of the Company at 31 January 2013 was estimated to be 3% (2012 3%)

Currency and credit risk

The Company has no material exposure to foreign currency risk Company 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

Interest rate risk

The Company is part of the S&U plc Group whose activities expose it to the financial risks of changes in interest rates and where appropriate the Group uses interest rate derivative contracts to hedge these exposures in bank borrowings in accordance with disclosures made in the S&U plc accounts There is considered to be no material interest rate risk in cash, trade and other receivables and trade and other payables

23. FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management

The Company is part of the S&U plc Group and the Board of Directors of S&U plc 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 At 31 January 2013 the group gearing level was 34% (2012 34%) which the directors consider to have met their objective
External capital requirements are imposed by the FSA on Advantage Finance itself Throughout the year the 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 are considered to be not materially different from their book values

Liquidity risk

The Company's liquidity risk is shown in the following tables which measure the cumulative liquidity gap

At 31 January 2013	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Non interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets	18,188	14,499	19,812	-	-	52,499
Other assets	-	-	-	-	538	538
Total assets	18,188	14,499	19,812	-	538	53,037
Shareholders' funds	-	-	-	-	(15,975)	(15,975)
Bank overdrafts and loans	(964)	-	-	-	-	(964)
Other liabilities	(4,098)	-	(32,000)	-	-	(36,098)
Total liabilities and shareholders' funds	(5,062)	-	(32,000)	-	(15,975)	(53,037)
Cumulative gap	13,126	27,625	15,437	15,437	-	-

At 31 January 2012	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Non interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets	15,152	11,867	15,236	-	-	42,255
Other assets	-	-	-	-	408	408
Total assets	15,152	11,867	15,236	-	408	42,663
Shareholders' funds	-	-	-	-	(11,777)	(11,777)
Bank overdrafts and loans	(88)	-	-	-	-	(88)
Other liabilities	(2,798)	-	(28,000)	-	-	(30,798)

Total liabilities and shareholders' funds	(2,886)	-	(28,000)	-	(11,777)	(42,663)
Cumulative gap	12,266	24,133	11,369	11,369	-	-

23. FINANCIAL INSTRUMENTS (CONTINUED)

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

At 31 January 2013	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	964	-	-	-	-	964
Trade and other payables	-	857	-	-	-	857
Tax liabilities	-	1,209	-	-	-	1,209
Accruals and deferred income	-	2,032	-	-	-	2,032
Intercompany loans	-	-	-	32,000	-	32,000
At 31 January 2013	964	4,098	-	32,000	-	37,062

At 31 January 2012	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	88	-	-	-	-	88
Trade and other payables	-	669	-	-	-	669
Tax liabilities	-	933	-	-	-	933
Accruals and deferred income	-	1,196	-	-	-	1,196
Intercompany loans	-	-	-	28,000	-	28,000
At 31 January 2012	88	2,798	-	28,000	-	30,886