Company Registration No: 3773673

Advantage Finance Limited

Report and Financial Statements

31 January 2010

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 Tuplın
H A Wılkınson

SECRETARY

C H Redford

REGISTERED OFFICE

Royal House, Prınces Gate
Homer Road
Solıhull
B91 3QQ

BANKERS

HSBC Bank plc
130 New Street
Bırmıngham
B2 4JU

SOLICITORS

DLA
Vıctorıa Square House,
Vıctorıa Square,
Bırmıngham
B2 4DC

AUDITORS

Deloıtte LLP
Chartered Accountants and Statutory Audıtors
Bırmıngham

Advantage Finance Limited

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 January 2010

ACTIVITIES

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

BUSINESS REVIEW

In the competitive used car finance market, Advantage Finance is increasingly successful and 2009/2010 was a year in which profits and cash receipts continued to grow steadily in line with our strategy for this business Pre tax profit grew by 4% on stable revenue and number of live agreements up 4% at 10,103 Liabilities reduced by 5% and net assets were up 24% The directors see these results as providing a firm platform for the future development and growth of the Company

FINANCIAL POSITION AND PERFORMANCE

The Company's profit on ordinary activities after tax was £2 2m (2009 - £2 1m) Interim ordinary dividends of £0 8m (2009 - £1 0m) were paid during the year, leaving retained profits of £1 4m (2009 - £1 1m) 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 AND THEIR INTERESTS

The directors who served during the year were

BA Burton, AMV Coombs, GDC Coombs, K Charlton, J Murdoch, CH Redford, JG Thompson, A Tuplin and HA Wilkinson.

The directors retiring by rotation are GDC Coombs, CH Redford and JG Thompson, 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, trade and other receivables and the deferred tax asset The Company is also subject to legislative and regulatory change within the consumer credit sector The Company is part of the S&U Group whose business 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 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 Company financial statements The Company is part of the S&U Group and the Group's objectives, policies and processes for managing its capital are described in the notes to the S&U 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 Group accounts

The Group has adequate financial resources As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current 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 accounts

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 2010 were 51 days (2009 – 35 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 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 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

CH Redford

Company Secretary

4 May 2010

Advantage Finance Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 accounts 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

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

Responsibility statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and
- 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 together with a description of the principal risks and uncertainties that they face

By order of the Board

CH Redford

Company Secretary

4 May 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANTAGE FINANCE LIMITED

We have audited the financial statements of Advantage Finance Limited for the year ended 31 January 2010 which comprise the 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 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

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 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 (APB'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

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 2010 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANTAGE FINANCE LIMITED (CONTINUED)

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

Matthew Perkins (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Bimingham, United Kingdom

4 May 2010

ADVANTAGE FINANCE LIMITED
INCOME STATEMENT
31 January 2010

	Note	2010 £000	2009 £000
Revenue	2	14,195	14,175
Cost of sales	3	(7,600)	(7,163)
Gross profit		6,595	7,012
Administrative expenses		(2,103)	(2,103)
Exceptional item	5	-	(150)
Operating profit	5	4,492	4,759
Finance costs	6	(1,365)	(1,747)
Profit before tax	2	3,127	3,012
Tax	7	(890)	(847)
Profit for the year		2,237	2,165

All activities derive from continuing operations

STATEMENT OF COMPREHENSIVE INCOME	2010 £000	2009 £000
Profit for the year	2,237	2,165
Total Comprehensive Income for the year	2,237	2,165

ADVANTAGE FINANCE LIMITED Company Registration No: 3773673

BALANCE SHEET
31 January 2010

	Note	2010 £000	2009 £000
ASSETS			
Non Current Assets			
Property, plant and equipment	9	161	185
Investments	10	-	-
Amounts receivable from customers	11	24,346	24,813
Deferred tax assets	15	15	15
		24,522	25,013
Current Assets			
Amounts receivable from customers	11	14,666	14,563
Trade and other receivables	12	187	153
Cash and cash equivalents		-	-
		14,853	14,716
Total Assets		39,375	39,729
LIABILITIES			
Current liabilities			
Bank overdrafts and loans	13	(2,415)	(6,254)
Trade and other payables	14	(28,538)	(26,689)
Tax liabilities		(479)	(525)
Accruals and deferred income		(771)	(488)
Total liabilities		(32,203)	(33,956)
NET ASSETS		7,172	5,773
Equity			
Called up share capital	16	1	1
Profit and loss account		7,171	5,772
Total equity		7,172	5,773

The financial statements for Advantage Finance Limited (company registered no 3773673) were approved by the Board of Directors on 4 May 2010

Signed on behalf of the Board of Directors

CH Redford

STATEMENT OF CHANGES IN EQUITY
Year ended 31 January 2010

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 February 2008	1	4,657	4,658
Total comprehensive income for year	-	2,165	2,165
Dividends	-	(1,050)	(1,050)
At 31 January 2009	1	5,772	5,773
Total comprehensive income for year	-	2,237	2,237
Dividends	-	(838)	(838)
At 31 January 2010	1	7,171	7,172

CASH FLOW STATEMENT
Year ended 31 January 2010

	Note	2010 £000	2009 £000
Net cash inflow/(outflow) from operating activities	17	4,709	4,712
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		24	22
Purchases of property, plant and equipment		(56)	(115)
Net cash used in investing activities		(32)	(93)
Cash flows from financing activities			
Dividends paid		(838)	(1,050)
Net (decrease)/increase in overdraft		(3,839)	(3,569)
Net cash (used)/generated in financing activities		(4,677)	(4,619)
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		-	-
Cash and cash equivalents comprise			
Cash		-	-

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 UK

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 modified by the revaluation of derivative financial instruments to fair value 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 1 (amended)/IAS 27 (amended)	*Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 3 (revised 2008)	*Business Combinations*
IFRS 9	*Financial Instruments*
IAS 24 (revised Nov 2009)	*Related Party Disclosures*
IAS 27 (revised 2008)	*Consolidated and Separate Financial Statements*
IAS 28 (revised 2008)	*Investments in Associates*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
Improvements to IFRSs (April 2009)	

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

Under IAS1 (revised) the Company has adopted a Statement of Comprehensive Income to replace the Statement of Recognised Income and Expense The directors have decided not to disclose a January 2008 balance sheet and related notes as there are no changes resulting from this IAS1 accounting policy change The 2009 accounts are available from the Company's registered office

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.

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 IFRS1

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

1.9 Leases

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

1. ACCOUNTING POLICIES (CONTINUED)

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

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

	2010 £000	2009 £000
Loan loss provisioning charge	5,537	4,785
Other cost of sales	2,063	2,378
	7,600	7,163

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010	2009
Directors' emoluments	**£000**	**£000**
Salary and commission	589	534
Pension	30	29
	619	563

The emoluments of the highest paid director are £247,593 for the year (2009 £209,305), and the Company paid pension contributions on his behalf of £19,080 (2009 £18,380) Three of the directors are paid by other S&U plc Group companies

	2010	2009
Number of directors who are members of a defined contribution pension scheme	9	9
Average number of persons employed		
Management and administration	69	68
Staff costs during the year (including directors):	**£000**	**£000**
Wages and salaries	1,752	1,720
Social security costs	186	187
Other pension costs	93	94
	2,031	2,001

Advantage Finance Limited

NOTES TO THE ACCOUNTS
Year ended 31 January 2010

5. OPERATING PROFIT

	2010 £000	2009 £000
Operating profit is stated after charging:		
Depreciation and amortisation		
Owned assets	51	78
Rentals under operating leases		
Other operating leases	84	94
Loss on sale of fixed assets	5	7
The analysis of auditors' remuneration is as follows,		
Auditors' remuneration for audit fees		
Fees payable to the group's auditors for the audit of the company annual accounts	14	14
Auditors' remuneration for non-audit fees:		
Other services pursuant to legislation	6	6
Tax services	3	8
Total	23	28

Exceptional Item

On 16 May 2008 after 30 years serving as Chairman of the group, Mr DM Coombs retired as Chairman and resigned as a director to take up the non-Board position as president of the group The Board agreed to make a one off payment to Mr Coombs upon his appointment as president of which £150,000 was paid by Advantage Finance Limited

6. FINANCE COSTS

	2010 £000	2009 £000
Bank interest payable	1,365	1,747

Advantage Finance Limited

NOTES TO THE ACCOUNTS
Year ended 31 January 2010

7. TAX

	2010 £000	2009 £000
Corporation tax at 28% (2009 – 28 33%) based on the profit for the year	882	857
Current Tax adjustment in respect of prior years	8	(10)
	890	847

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

	2010 £000	2009 £000
Profit on ordinary activities before tax	3,127	3,012
Tax on profit on ordinary activities at standard rate of 28% (2009 – 28 33%)	876	853
Factors affecting charge for the period		
Expenses not deductible for tax purposes	6	4
Prior period adjustments	8	(10)
Total actual amount of tax	890	847

The effect of the reduction in the UK corporation tax rate from 30 per cent to 28 per cent from 1 April 2008 resulted in a change in the standard rate last year which was calculated on a pro rata basis Deferred tax on the UK timing differences has been calculated at the rate of 28 per cent (2009 28 per cent)

8. DIVIDENDS

	2010 £000	2009 £000
Ordinary dividend paid in the year £838 per share (2009 £1,050)	838	1,050

NOTES TO THE ACCOUNTS
Year ended 31 January 2010

9. PROPERTY, PLANT AND EQUIPMENT

	Short Leasehold Buildings £000	Motor vehicles £000	Fixtures and Fittings £000	Total £000
Cost or valuation				
At 1 February 2008	39	179	365	583
Additions	4	76	35	115
Disposals	-	(70)	(3)	(73)
At 31 January 2009	43	185	397	625
Additions	2	17	37	56
Disposals	(1)	(65)	(7)	(73)
As at 31 January 2010	44	137	427	608
Accumulated depreciation				
At 1 February 2008	33	91	282	406
Charge for the year	4	34	40	78
Eliminated on disposals	-	(41)	(3)	(44)
At 31 January 2009	37	84	319	440
Charge for the year	3	22	26	51
Eliminated on disposals	(1)	(36)	(7)	(44)
As at 31 January 2010	39	70	338	447
Net book value				
At 31 January 2010	5	67	89	161
At 31 January 2009	6	101	78	185

10. INVESTMENTS

	2010 £	2009 £
Shares in subsidiary companies cost and carrying value		
At 1 February 2008, 1 February 2009 and 31 January 2010	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

Advantage Finance Limited

NOTES TO THE ACCOUNTS
Year ended 31 January 2010

11. AMOUNTS RECEIVABLE FROM CUSTOMERS

	2010	2009 £000
Credit receivables	51,793	50,850
Less Loan loss provision	(12,781)	(11,474)
Amounts receivable from customers	39,012	39,376
Analysed by future date due		
- due within one year	14,666	14,563
- due in more than one year	24,346	24,813
Amounts receivable from customers	39,012	39,376
Analysis of security		
Loans secured on vehicles under hire purchase agreements	37,287	37,479
Other Loans	1,725	1,897
Amounts receivable from customers	39,012	39,376
Analysis of overdue		
Not impaired		
Neither past due nor impaired	30,017	28,108
Past due up to 3 months but not impaired	3,188	3,770
Past due over 3 months but not impaired	-	-
Impaired		
Past due up to 3 months	2,241	3,509
Past due up to 6 months	1,148	1,284
Past due over 6 months or default	2,418	2,705
Amounts receivable from customers	39,012	39,376

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 (2009 £nil)

Analysis of movements on loan loss provisions	**£000**
At 31 January 2008	10,431
Charge for year	4,785
Amounts written off during year	(2,438)
Unwind of discount	(1,304)
At 31 January 2009	11,474
Charge for year	5,537
Amounts written off during year	(2,860)
Unwind of discount	(1,370)
As at January 2010	12,781

There has been no material change in the average discount rate used during the years to 31 January 2009 and 31 January 2010

Advantage Finance Limited

NOTES TO THE ACCOUNTS
Year ended 31 January 2010

12. TRADE AND OTHER RECEIVABLES

	2010 £000	2009 £000
Other debtors	6	16
Prepayments and accrued income	181	137
	187	153

All the above amounts fall due within one year

13. BANK OVERDRAFTS

	2010 £000	2009 £000
Bank overdrafts – due within one year	2,415	6,254

The bank overdraft is secured over the assets of the group under a multilateral guarantee (see note 18)

14. TRADE AND OTHER PAYABLES

	2010 £000	2009 £000
Trade creditors	296	194
Amounts owed to other group undertakings	28,020	26,382
Other creditors	222	113
	28,538	26,689

15. DEFERRED TAX

	Accelerated tax depreciation £000
At 1 February 2008	15
Credit to income	-
At 31 January 2009	15
Credit to income	-
At 31 January 2010	15

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

	2010 £000	2009 £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

	2010 £000	2009 £000
Profit before tax	3,127	3,012
Tax paid	(936)	(824)
Depreciation on plant, property and equipment	51	78
Loss on disposal of plant, property and equipment	5	7
Decrease/(increase) in amounts receivable from customers	364	(3,442)
(Increase) in trade and other receivables	(34)	(58)
Increase in trade and other payables	1,849	6,161
Increase/(decrease) in accruals and deferred income	283	(222)
Net cash inflow from operating activities	4,709	4,712

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 2010 was £24,215,321 (2009 - £23,873,783)

19. RELATED PARTY TRANSACTIONS

The Company paid dividends to its parent company S&U plc of £838,000 (2009 £1,050,000) 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 2010 the Company owed £28,020,000 (2009 £26,382,000) to other group undertakings and was owed £nil by other group undertakings (2009 £7,177)

20. ULTIMATE PARENT COMPANY

The Company's ultimate parent company and controlling party is S&U plc, a company incorporated in England 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

Advantage Finance Limited

NOTES TO THE ACCOUNTS
Year ended 31 January 2010

21. FINANCIAL COMMITMENTS

Capital commitments

At 31 January 2010 and 31 January 2009 the Company had no capital commitments contracted but not provided for

Operating lease commitments

At 31 January 2010 and 31 January 2009 the Company had annual commitments under non-cancellable other operating leases as set out below

		2010	2009
Land and buildings		**£000**	**£000**
Leases which expire	Within two to five years	52	-

22 PENSION SCHEMES

The Company makes contributions to a defined contribution pension scheme and there are no outstanding contributions at 31 January 2010 or 31 January 2009

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% (2009 30%) The average effective interest rate on financial liabilities of the Company at 31 January 2010 was estimated to be 5% (2009 6%)

Derivative financial instruments

The Company is part of the S&U plc Group whose 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 disclosures made in the S&U plc accounts

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 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

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 2010 the group gearing level was 57% which the directors consider to have met their objective

23. FINANCIAL INSTRUMENTS (CONTINUED)

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

	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
At 31 January 2010	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets	14,666	11,016	13,330	-	-	39,012
Other assets	-	-	-	-	363	363
Cash at bank and in hand	-	-	-	-	-	-
Total assets	14,666	11,016	13,330	-	363	39,375
Shareholders' funds					(7,172)	(7,172)
Bank overdrafts and loans	(2,415)	-	-	-	-	(2,415)
Other liabilities	(1,788)	-	(28,000)	-	-	(29,788)
Total liabilities and shareholders' funds	(4,203)	-	(28,000)	-	(7,172)	(39,375)
Cumulative gap	10,463	21,479	6,809	6,809	-	-

	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
At 31 January 2009	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets	14,563	11,117	13,696	-	-	39,376
Other assets	-	-	-	-	353	353
Cash at bank and in hand	-	-	-	-	-	-
Total assets	14,563	11,117	13,696	-	353	39,729
Shareholders' funds	-	-	-	-	(5,773)	(5,773)
Bank overdrafts and loans	(6,254)	-	-	-	-	(6,254)
Other liabilities	(10,000)	-	(16,000)	-	(1,702)	(27,702)
Total liabilities and shareholders' funds	(16,254)	-	(16,000)	-	(7,475)	(39,729)
Cumulative gap	(1,691)	9,426	7,122	-	-	-

Advantage Finance Limited

NOTES TO THE ACCOUNTS
Year ended 31 January 2010

23 FINANCIAL INSTRUMENTS (CONTINUED)

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

At 31 January 2010	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	2,415	-	-	-	-	2,415
Trade and other payables	-	538	-	-	-	538
Tax liabilities	-	479	-	-	-	479
Accruals and deferred income	-	771	-	-	-	771
Inter company loans	-	-	-	28,000	-	28,000
At 31 January 2010	2,415	1,788	-	28,000	-	32,203

At 31 January 2009	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	6,254	-	-	-	-	6,254
Trade and other payables	-	689	-	-	-	689
Tax liabilities	-	525	-	-	-	525
Accruals and deferred income	-	488	-	-	-	488
Inter company loans	-	10,000	-	16,000	-	26,000
At 31 January 2009	6,254	11,702	-	16,000	-	33,956