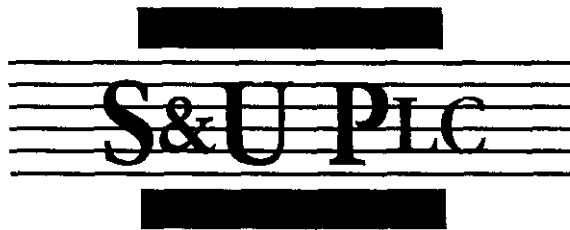


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ANNUAL REPORT

AND ACCOUNTS

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The group provides consumer credit, primarily financial services including hire purchase finance for car purchase and sales of electrical merchandise throughout England, Wales and Scotland.

The group also manufactures hosiery primarily for export.

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Financial Highlights

	2002	2001
	£000	As restated £000
BUSINESS TRANSACTED	89,929	86,482
TURNOVER	34,430	31,892
OPERATING PROFIT	10,397	8,449
PROFIT BEFORE TAXATION	9,206	7,620
EARNINGS PER ORDINARY SHARE	53.5p	43.9p
DIVIDEND PER ORDINARY SHARE	27.0p	23.5p

Financial Calendar

Annual General Meeting		5 June 2002
Announcement of results	Half year ending 31 July 2002 Year ending 31 January 2003	September 2002 April 2003
Payment of dividends	6% Cumulative Preference shares	30 September 2002 & 31 March 2003
	31.5% Cumulative Preference shares	31 July 2002 & 31 January 2003
	Ordinary shares	- 2002 Final Record Date Ex-dividend Date - 2003 Interim
		2 July 2002 7 June 2002 5 June 2002 November 2002

Chairman's Statement

“ Pre-tax trading profits for the year are £9.2m as against £7.6m, an increase of 21%. ”

Results

The operating profit for the year has increased to £10.4m from £8.4m for the previous year. Pre-tax trading profits for the year are £9.2m as against £7.6m, an increase of 21%. Earnings per share rose from 43.9p to 53.5p. Business transacted at £89.9m compares favourably with £86.5m for the comparable period. Credit charges and commissions' turnover is £34.4m, up from £31.9m.

The Board is recommending a final dividend of 20p per ordinary share, making 27p per share for the year, compared to 23.5p last year, an increase for the year as a whole of 14.9% (last year was 11.9%). On this basis, at the average market price for January 2002 of 416.0p, the yield would be 6.5% with an improved cover of 2 times. Shareholders have enjoyed dividend growth in every year since before the company's 50th anniversary in 1988.

Home Collected Credit

The main growth in business and in profits came from the southern half of Britain, but all areas contributed to the improvement in both sales and profits in the year. Margins were improved through product mix and debt quality. There is no good reason why the growth in the south should not be replicated in the north. This will be a target for this coming year.

Motor Car Finance – Advantage Finance Limited

This business is soon to be three years old, so has not yet reached the contract maturity point when the bulk of first month contracts come to the end of

their term. It set off in life at a cracking pace with an excellent team. This year we have purposely slowed the growth somewhat. The results were up on the previous year despite a hard marketplace. This current financial year should see a more significant profit growth pattern with no further capital injections. We are determined that the quality of debt criteria should be totally maintained.

The Board

On the 14th of February 2002, Bob Fisher, our Finance Director retired. Mr Fisher, 64, joined S & U in 1974. He has always been a wise counsel in our deliberations. We are sorry to see him step down, but wish him very well for his retirement. Fortunately for us he had a gift for picking good recruits and we have excellent continuity in the finance function. Pending the appointment to the board of a new Finance Director, David Maiden, our Company Secretary, who has worked since 1974 with Bob on the financial side of the business, is to be the group's Chief Financial Officer, in addition to his current position. We are already blessed with two chartered accountants still on the board in addition to those in our management team.

In addition, my son, Fiann Coombs has become a non-executive director of the company. Mr Coombs, 32, is an economic analyst and has recently contributed a six-months' review of the company's operations which provided the background to his appointment. He will of course resign and offer himself for election at the Annual General Meeting.

“ the fortunes of
this group will go
from strength to
strength. ”

Staff

Every company is only as good as the quality and dedication of its staff. We are fortunately well blessed. We have a loyal and dedicated team and on your behalf I would like to take this opportunity to thank them most warmly for their contribution.

Looking Forward

Last year I said that I hoped to see a further convergence of S & U's price earnings ratio and that of the sector generally in the year ahead. There has been some movement in that direction, but by no means enough to recognise the value of the shares. The board continues to work with the company's broker, Brewin Dolphin, to improve recognition of value.

The Group's balance sheet is in good form. We have all the funds we require to make the growth we plan. Funds are made available through our profits growth and our bankers, with whom we work to ensure that they understand our business. We work in a business that we know well and understand clearly with good management and committed staff. We plan to continue the successful

expansion in the market for Home Collected Credit. Demand for credit from both existing and new customers remains strong, as they continue to value the convenient, quick and straightforward service in their homes.

The provision of motorcar hire purchase by Advantage through carefully targeted underwriting will continue to provide a growing opportunity for expansion and profit. The Board is confident that the company will achieve new records in this new financial year.

I have remarked before that the business has defensive qualities when the global economic scene is uncertain. Over the past year the global scene has continued uncertain and worse, but your company has had a year that has surpassed our budgets. The British public has continued to go shopping. We look forward to this current year with hopeful confidence that the economy will improve and with it the fortunes of this group will go from strength to strength.


Derek M Coombs
Chairman

11 April 2002

Managing Director's Report

Two years ago in my first annual statement when announcing a S & U Group profit of £6m I emphasised an "underlying sea-change" in the Group's productivity and therefore profitability. Last year, in analysing an increase in profits to £7.6m, I judged that my optimism had not been misplaced and highlighted what I thought were the very encouraging prospects for the current year. I am, therefore, delighted to announce that this year the Group has again been able to turn prediction into reality. 2001/2002 has seen a further rise in your company's profitability from £7.6m to £9.2m. This second consecutive annual increase of more than 20% is particularly satisfying in the light of the recent general economic slowdown.

The S & U Group has seen business transacted up at nearly £90m against £86.5m last year. Further streamlining and improvement of our products, both in our home collected and motor finance divisions, has meant that gross margins continue to rise whilst in all divisions expenses have been held at or below budget. Equally pleasing has been the improvement in the general quality of book debt throughout the Group, particularly in our home collected business. All this has meant that our profits at a record £9.2m substantially exceeded our brokers forecast of £8.3m; a circumstance that demanded a recent favourable Stock Exchange announcement by S & U which lifted our share price to a more realistic, though still undervalued, level. As ever I see these results as providing a firm platform for the further development and growth of your company.

Operating results

	Year ended 31 January 2002 £m	Year ended 31 January 2001 £m
Business transacted	89.93	86.48
Gross profit	30.8	27.9
Operating expenses	16.1	15.0
Doubtful debt	4.3	4.5
Operating profit	10.4	8.4
Interest	1.2	0.9
Profit before taxation	9.2	7.6

Home collected credit

In September last year I emphasised that the home collected division would continue to "provide the bulk of S & U's profits and growth in the years to come". I am therefore delighted that the division has repeated its outstanding success and has increased its pre-tax profit from £6.6m a year ago to nearly £8.1m now. Business transacted has again increased by over 5%. Margins continue to grow whilst, almost uniquely within the home collected credit industry, bad debt has actually fallen over the past year to levels which are less than 60%, in percentage terms, those recently announced by our rivals.

These results vindicate our increasingly focused marketing strategy of appealing to better off aspirational family business with better value longer term financial products provided by highly productive Representatives who are well trained and work full time. To sharpen our performance, this year has seen further improvements in training through our Investors in People programme; by a further refining and tightening of our Credit Control Rules, by simplification of our administrative procedures and by a further tightening of our audit procedures so vital to a cash business. These measures will strengthen our relationship with our target customers and further reward our Representatives, thus reducing labour turnover. This strategy is, in my view, fully in line with current Government initiatives, particularly on the reform of the Consumer Credit Act, which aim to improve the transparency of loan procedures, and protect vulnerable consumers by the encouragement of responsible lending. Such an approach has seen our home collected loan book increase by £5.5m over the past year, an increase of 15% and one which will provide a high quality base for future expansion.

Yet again all geographical divisions produced significantly improved profit performances. In terms of return on capital S D Taylor, our north-west subsidiary again showed a return on assets of nearly 22%. Although not quite matching this, our north-east subsidiary, Wilson Tupholme Ltd increased profit by nearly 20% by a close attention to detail on costs, margins and by a 36% increase in their HP business. Management changes and reorganisation initiated there two years ago are beginning to pay dividends.

However, as I envisaged at the half year, the greatest growth and profit improvement in our home collected business took place in our southern and midlands subsidiary, where our focus upon marketing to aspirational family business is most clearly advanced. Here profit rose by nearly 46% on last year after bad debt was considerably reduced and again gross margins improved.

Advantage Finance

Against the background of a used car market which continued to be difficult, Advantage Finance has produced a commendable set of results. Although lacking the momentum of our home collected business, they nevertheless clearly indicate the long term stability and viability of the business. On turnover up just under a fifth, pre-tax profits have increased from £900,000 to just over £1.1m. Since the Finance and Leasing Association reported a 7% decline in the number of used cars bought on finance in the twelve months to December 2001, this is a creditable result. Recent months, including December, have seen a reversal of this trend and I am therefore confident that Advantage will benefit in terms of increased profits over the next twelve months.

Steps have been recently taken to improve and rationalise the management structure; to increase the productivity of Sales Managers; and to streamline, and make more efficient, our already sophisticated collection procedures. In an increasingly competitive market, gross margin improvements should result from the introduction of new insurance products backed by the RAC, and in reducing bad debt by concentrating on in-house underwriting.

Advantage continues to develop internet communication with the company's key dealers, thus speeding service to potential customers. By developing its own Carfinder web site, Advantage has positioned itself for an inevitable increase in on-line finance business in the future. Underwriting standards remain sensibly strict which has meant that coupled with the maturity of our debt, the cash flow position of the company has significantly improved. A trend which should see further increases in the company's return on capital in the future.

Despite difficult trading conditions, I therefore confidently expect that Advantage will be a growing and consistent contributor to Group profits in the years ahead.

A E Holt (Leicester) Ltd

Hosiery manufacturing now represents just 2.7% of Group Turnover. Faced with difficult trading conditions in its Northern European markets, A E Holt has had a very disappointing year. On turnover down by over a quarter they report a small pre-tax loss of £27,000. However, by reducing stock and debtors the Group has been able to reduce its financial exposure to this non-core area of activity. Holts have taken action to significantly reduce break-even levels and a return to profitability is forecast this year.

Group profit, dividend and earnings per share

	Year ended		6 months ended		6 months ended	
	31 January 2002	31 January 2001	31 January 2002	31 January 2001	31 July 2001	31 July 2000
	£m	£m	£m	£m	£m	£m
Profit before tax	9.2	7.6	5.0	4.4	4.2	3.2
Profit after tax	6.4	5.3	3.5	3.0	2.9	2.3
Earnings per share	53.5p	43.9p	29.1p	25.0p	24.4p	18.9p
Dividends per share	27.0p	23.5p	20.0p	17.5p	7.0p	6.0p

Managing Director's Report

The revitalisation of S & U means that this year we were able to announce an increase in earnings per share of just under 10p on the year, an increase of 22% on last year. We have been able to show a 10% improvement in the company's profit on ordinary activities before tax as a percentage of its net assets. In a generally subdued stock market this step change in your company's prospects and performance has been recognised by a significant increase in market capitalisation over the past 12 months. I expect this trend to be maintained. It is therefore appropriate to increase the final dividend to 20p making a total for the year of 27p or an increase of 3.5p per ordinary share over 2000/2001. Such an increase will also have the beneficial effect of increasing our dividend cover from 1.9 to 2.0.

Capital structure, liquidity and treasury

We have continued to invest in both our motor finance and home collected divisions, albeit at a lower rate in the motor finance operation as that business matures. S & U's cash outflow before financing has therefore reduced to just over £5m this year against just under £8m in 2000/2001. Our current gearing stands at 69.5% which is almost exactly what I anticipated at the half year and which should stabilise at a very conservative level compared to our competitors. This means that our planned organic growth can be sensibly financed within our existing bank facilities whilst leaving room for funding acquisitions and new development opportunities as they arise.

Conclusion

The past three years have seen an increase of over 50% in your Group's profits and provide a firm base for the kind of sustained expansion we intend over the next decade. Every enterprise should first and foremost be a "people" business. That is why S & U has continuing training and Investors in People initiatives, Leadership Trust management courses and a continuous drive for higher levels of productivity. Expansion and refinement of our product range, better means of identifying and appealing to our niche customers through IT initiatives, and a new marketing strategy for attracting new customers will all be features of our work in the coming year. S & U's particular business focus is obviously a driving force behind our organic growth; it can, and indeed is, applied to acquisitions particularly in the home collected field.

Thomas Edison once said "If we did all the things we are capable of doing, we would literally astound ourselves". "We" both implies the kind of professional team we are assembling throughout the S & U Group and reflects my particular debt to my brother, Graham, who is a lynchpin of our recent success. With hard work, commitment and dedication, the Board's support and with the loyalty of the customers we serve, we intend to unlock the excellent potential in our core businesses and continue to drive the growth of S & U in the years ahead.

Anthony M V Coombs

Managing Director

11 April 2002



Officers and Professional Advisers

Directors

D M Coombs	<i>(Chairman)</i>
A M V Coombs MA (Oxon)	<i>(Managing Director)</i>
G D C Coombs MA (Oxon) MSc (Lon)	
R E J Fisher FCA	<i>(retired 14 February 2002)</i>
M F Hepplewhite LLB (Hons) FCA	<i>(Non-executive)</i>
D Markou MBE FCA	<i>(Non-executive)</i>
K R Smith	<i>(Non-executive)</i>
F Coombs BA (Lon), MSc (Lon)	<i>(Non-executive) (appointed 18 February 2002)</i>

Secretary

E D Maiden

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

Registrars

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The Warrant House
High Street
Altrincham
Cheshire WA14 1PZ
Tel: 0208 639 3039

Bankers

HSBC Bank plc
130 New Street
Birmingham B2 4JU

National Westminster Bank PLC
1 Upper Market Square
Stoke on Trent ST1 1QA

Solicitors

Hammond Suddards Edge
Rutland House
148 Edmund Street
Birmingham B3 2JR

Stockbrokers

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

Auditors

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham B3 2BN

Directors

Derek M Coombs
(Chairman)

Chairman since 1975. Managing Director 1975 to April 1999. Former Member of Parliament. Chairman, Prospect Publishing Limited. Political journalist. Until recently, non-executive director, Metalrax Group Plc.

Anthony M V Coombs MA (Oxon)
(Managing Director)

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 Public Relations Committee of the Consumer Credit Association and is a director of a number of companies and charities including the Birmingham Royal Ballet Trust Board.

Graham D C Coombs MA (Oxon), MSc (Lon)

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.

Robert E J Fisher FCA
(Now retired)

A Chartered Accountant, who spent seven years with KPMG in London, seven years in industry and commerce, five years in merchant banking, and since 1974 has been a director with S & U.

Key responsibilities include finance, administration and compliance.

Mark F Hepplewhite LLB (Hons) FCA
(Non-executive)

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 FCA MBE
(Non-executive)

A Chartered Accountant with over 30 years experience in public practice in Birmingham. He has extensive commercial and political experience.

Keith R Smith
(Non-executive)

A former member of The Stock Exchange and a principal in stockbroking firms for more than 30 years. He has also been a director of a number of public and private companies and is currently a director of Nabarro Wells, corporate financiers.

Fiann Coombs BA (Lon), MSc (Lon)
(Non-executive)

An economic analyst. He recently 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 2002.

Activities

The principal activity of the group continues to be that of consumer credit and car finance. These include financial services, hire purchase and sales of electrical and household merchandise throughout England, Wales and Scotland. The group also manufactures hosiery, primarily for export.

Review of developments and future prospects

A review of developments during the year and future prospects is given in the chairman's statement on pages 2 and 3 and the managing director's report on pages 4 to 6.

Results and dividends

The group's profit on ordinary activities after taxation was £6,431,000 (2001 as restated – £5,301,000). Dividends of £3,323,000 (2001 – £2,912,000) were paid and proposed during the year, leaving retained profits of £3,108,000 (2001 as restated – £2,389,000) to be transferred to reserves.

The directors recommend a final dividend, subject to shareholders approval of 20.0p per share (2001 – 17.5p). This, together with the interim dividend of 7.0p per share (2001 – 6.0p) paid during the year, makes a total dividend for the year of 27.0p per share (2001 – 23.5p).

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 2002		At 31 January 2001	
	31.5% Preference shares	Ordinary shares	31.5% Preference shares	Ordinary shares
D M Coombs	70,000	2,056,241	70,000	2,056,241
A M V Coombs	–	538,110	–	538,110
G D C Coombs	–	565,970	–	565,310
R E J Fisher (retired 14 February 2002)	2,000	16,940	2,000	16,940
M F Hepplewhite	–	7,000	–	7,000
K R Smith	–	7,000	–	4,500
D Markou	–	2,000	–	2,000
F Coombs (appointed 18 February 2002)	–	233,550	–	233,550

Directors' Report

In addition, Mr D M Coombs has a non-beneficial interest in 400,000 (2001 – 400,000) Ordinary shares. 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 2002 and 11 April 2002.

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 2002 (2001 – 298,048).

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

In accordance with the Companies Articles of Association Messrs G D C Coombs and M Hepplewhite being eligible, offer themselves for re-election.

Mr F Coombs offers himself for election following his appointment on 18 February 2002.

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

Substantial shareholdings

At 11 April 2002, 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	20.62
C K Coombs	1,621,501	13.81
R C Greig Nominees	465,778	3.97
Pierrette Limited	385,687	3.29

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 and procedures have been developed to keep employees informed of the progress of the business.

Political and charitable contributions

During the year the company and the group made charitable contributions of £10,945 (2001 – £5,096). No political contributions were made.

Creditor payment policy

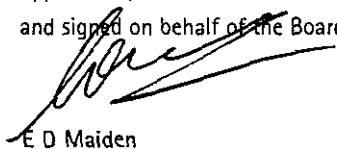
The group and the company do not follow any published code of practice but agrees terms and conditions with its suppliers. Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier.

Trade creditor days for the group for the year ended 31 January 2002 were 34 days (2001 – 44 days), and trade creditor days for the company were 38 days (2001 – 54 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 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



E D Maiden

Secretary

11 April 2002

Report of the Board to the Shareholders on Remuneration Policy

Remuneration policy

Three non-executive directors, Messrs M F Hepplewhite, D Markou and K R Smith, form the remuneration committee, which has the responsibility for recommending company policy on executive directors' remuneration to the Board. The company's policy on remuneration structure is as follows:

- (a) Basic salaries are considered in relation to comparable positions in the financial sector and are reviewed annually.
- (b) Taxable benefits in kind in the main include a company car plus related expenses and medical insurance.
- (c) The company does not operate share option or similar long-term incentive schemes.

Directors' pension arrangements

The company makes contributions to a defined contribution pension scheme in respect of Mr R E J Fisher, A M V Coombs and G D C Coombs. None of the directors has any accrued benefit under the defined benefit scheme described in note 24.

Directors' contracts

No director has a service contract with a notice period of more than twelve months.

Non-executive directors

Remuneration of non-executive directors is a matter for the Board to determine. It is company policy that non-executive directors are not granted service contracts.

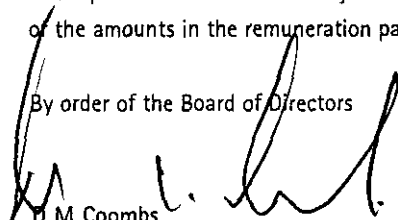
Performance-Related Bonuses

The performance related bonus payable to the Executive Directors is linked to the Group's profit performance for the year. The performance related bonuses form an integral part of the Group's remuneration policy.

Details of directors' remuneration

This report should be read in conjunction with note 3 to the accounts, which also constitutes part of this report, giving full details of the amounts in the remuneration package of each director.

By order of the Board of Directors



D M Coombs
Chairman

Corporate Governance

In June 1998 the Combined Code was issued by the London Stock Exchange. The Code is based on the report of the Hampel Committee and sets out Principles of Good Corporate Governance and Code provisions which consolidate the work of the earlier Cadbury and Greenbury Committees. Section 1 of the Code is applicable to companies.

A narrative statement on how the company has applied the Principles 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 Principles of Good Governance, which are split into the four areas described below. The current position of the company is described below.

Directors

During the period under review, the company was controlled through the Board of Directors which comprised four executive and three independent non-executive directors. As 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's 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 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 has established an Audit Committee and a Remuneration Committee. Each committee operates within defined terms of reference. As the Board is small, it is not intended to form a separate nomination committee. The Board as a whole deals with such matters formally. 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.

The Audit Committee and the Remuneration Committee are composed of the three non-executive directors, Messrs M F Hepplewhite, D Markou and K R Smith. Chairmen of these committees are appointed from among the members.

All three non-executive directors are considered to be independent of the management of the company. The Board has designated Mr K R Smith as senior independent director.

Directors' remuneration

The Remuneration Committee measures the performance of the executive directors and key members of senior management as a prelude to recommending their remuneration to the Board for final determination. The Committee meets as necessary and on at least two occasions per annum.

The remuneration of the non-executive directors is recommended by the executive directors and takes account of the time spent on Committee matters. The final determinations will be made by the Board as a whole, but no director plays a part in any discussion about his own remuneration. The Committee consults the Chairman and the Managing Director about its proposals and has access to professional advice from inside and outside the company. The Report of the Board to the Shareholders on Directors' Remuneration is set out on page 12.

Corporate Governance

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 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.

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 11, 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.

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.

An ongoing process for identifying, evaluating and managing the significant risks faced by the group was in place for the whole of the financial year and has remained in place up to the approval date of the annual report and accounts. That process is regularly reviewed by the board and accords with the Internal Control guidance for directors on the combined code produced by the Turnbull working party. 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 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 Group's centralised accounting function facilitates a tight financial control environment. Key procedures include authorisation limits, segregation of duties, standard costing procedures and regular reconciliations.

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.

The board has considered the need for an internal audit function, but has decided that, because of the size of the Group and the systems and controls in place, it is not appropriate at present. The board will review this on a regular basis.

Relationship with Auditors

The Audit Committee, comprising the non-executive directors, has specific terms of reference which deal with its authority and duties. It meets at least twice a year with the external auditors attending by invitation. The Committee oversees the monitoring of the adequacy of the group's internal controls, accounting policies and financial reporting and provides a forum through which the group's external auditors report to the non-executive directors.

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. This statement also forms part of the Directors' Report.

Compliance Statement

The Listing Rules require the Board to report on compliance with the forty-five Code provisions throughout the accounting period. The company has complied throughout the accounting period ended 31 January 2002 with the provisions set out in Section 1 of the Code.

Statement of Directors' Responsibilities

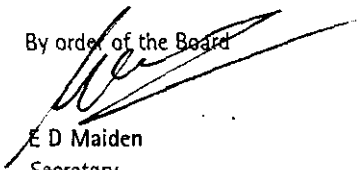
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed

The directors confirm that they have met the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the group's system of internal control, for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board


E D Maiden
Secretary

Independent Auditors' Report

To the members of S & U PLC

We have audited the financial statements of S & U PLC for the year ended 31 January 2002 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 26 together with the statement of movements on reserves, the reconciliation of net cash flow to movement in net debt, note of historical cost profits and losses and the reconciliation of movements in consolidated shareholders' funds. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules 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 directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 January 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
11 April 2002

Colmore Gate
2 Colmore Row
Birmingham B3 2BN

Consolidated Profit and Loss Account

Year ended 31 January 2002

	Note	2002 £000	2001 As restated £000
Business transacted	1	89,929	86,482
Turnover	1,2	34,430	31,892
Cost of sales		(3,653)	(3,962)
Gross profit		30,777	27,930
Administrative expenses		(16,080)	(14,989)
Provision for doubtful debt		(4,300)	(4,492)
Operating profit	5	10,397	8,449
Profit on sale of fixed assets		–	113
Net interest payable	6	(1,191)	(942)
Profit on ordinary activities before taxation		9,206	7,620
Tax on profit on ordinary activities	7	(2,775)	(2,319)
Profit on ordinary activities after taxation being profit for the financial year		6,431	5,301
Dividends paid and proposed – including amounts in respect of non equity shares	9	(3,323)	(2,912)
Retained profit for the financial year		3,108	2,389
Basic Earnings per Ordinary share	10	53.5p	43.9p
Dividends per Ordinary share	9	27.0p	23.5p

The consolidated profit and loss account for the year ended 31 January 2001 has been restated for the adoption of FRS 19 (see note 25).

There have been no recognised gains or losses other than the profit for the current and preceding years.

All activities derive from continuing operations.

Statement of Movements on Reserves

Year ended 31 January 2002

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total £000
The Group				
Balance at 1 February 2001	2,136	620	25,369	28,125
Transfer of depreciation on freehold properties	-	(11)	11	-
Retained profit for the financial year	-	-	3,108	3,108
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 January 2002	2,136	609	28,488	31,233
	<hr/>	<hr/>	<hr/>	<hr/>
The Company				
Balance at 1 February 2001	2,136	42	10,778	12,956
Transfer of depreciation on freehold properties	-	(1)	1	-
Retained profit for the financial year	-	-	1,032	1,032
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 January 2002	2,136	41	11,811	13,988
	<hr/>	<hr/>	<hr/>	<hr/>

The balance of the profit and loss account reserve for the Group and Company as of 1 February 2001 has been restated for the adoption of FRS 19. See note 25 for details.

Consolidated Balance Sheet

31 January 2002

	Note	2002 £000	2001 As restated £000
Fixed assets			
Tangible assets	11	2,768	2,873
Current assets			
Amounts receivable from customers (including £12,578,000 falling due after one year (2001 – £9,737,000))	13	59,292	49,574
Stocks	14	238	383
Debtors	15	879	1,053
Cash at bank and in hand		115	156
		60,524	51,166
Creditors: amounts falling due within one year	16	(14,942)	(13,797)
Net current assets		45,582	37,369
Total assets less current liabilities		48,350	40,242
Creditors: amounts falling due after more than one year	17	(15,000)	(10,000)
Net assets		33,350	30,242
Capital and reserves			
Called up share capital	18	2,117	2,117
Share premium account		2,136	2,136
Revaluation reserve		609	620
Profit and loss account		28,488	25,369
Total shareholders' funds		33,350	30,242
Attributable to equity shareholders		32,700	29,592
Attributable to non-equity shareholders		650	650
		33,350	30,242

The consolidated balance sheet as of 31 January 2001 has been restated for the adoption of FRS 19 (see note 25).

These financial statements were approved by the Board of Directors on 11 April 2002.

Signed on behalf of the Board of Directors

D. M. Coombs

Directors

A. M. V. Coombs

Company Balance Sheet

31 January 2002

	Note	2002 £000	2001 As restated £000
Fixed assets			
Tangible assets	11	955	952
Investments	12	2,893	2,893
		<u>3,848</u>	<u>3,845</u>
Current assets			
Amounts receivable from customers	13	18,310	14,696
Stocks	14	45	55
Debtors	15	17,447	12,623
Cash at bank and in hand		7	2
		<u>35,809</u>	<u>27,376</u>
Creditors: amounts falling due within one year	16	(8,552)	(6,148)
Net current assets		<u>27,257</u>	<u>21,228</u>
Total assets less current liabilities		<u>31,105</u>	<u>25,073</u>
Creditors: amounts falling due after more than one year	17	(15,000)	(10,000)
		<u>16,105</u>	<u>15,073</u>
Capital and reserves			
Called up share capital	18	2,117	2,117
Share premium account		2,136	2,136
Revaluation reserve		41	42
Profit and loss account		11,811	10,778
Total shareholders' funds		<u>16,105</u>	<u>15,073</u>
Attributable to equity shareholders		15,455	14,423
Attributable to non-equity shareholders		650	650
		<u>16,105</u>	<u>15,073</u>

The company balance sheet as of 31 January 2001 has been restated for the adoption of FRS 19 (see note 25).

These financial statements were approved by the Board of Directors on 11 April 2002.

Signed on behalf of the Board of Directors

D. M. Coombs

A. M. V. Coombs

} Directors

Consolidated Cash Flow Statement

Year ended 31 January 2002

	Note	2002 £000	2001 £000
Cash flow from operating activities	20	1,750	(1,633)
Returns on investments and servicing of finance			
Interest received	12	4	
Interest paid	(1,116)	(902)	
Preference dividends paid	(78)	(230)	
Net cash outflow from returns on investments and servicing of finance		(1,182)	(1,128)
Taxation		(2,430)	(2,054)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(708)	(692)	
Proceeds of sale of fixed assets	74	226	
Net cash outflow for capital expenditure and financial investment		(634)	(466)
Equity dividends paid		(2,876)	(2,583)
Cash outflow before financing		(5,372)	(7,864)
Financing			
Increase in loans from banks		5,000	10,000
(Decrease) / Increase in cash in the year		(372)	2,136
Reconciliation of net cash flow to movement in net debt			
		2002 £000	2001 £000
(Decrease) / Increase in cash in the year		(372)	2,136
Cash inflow from increase in debt		(5,000)	(10,000)
Movement in net debt in the year		(5,372)	(7,864)
Net debt at 1 February 2001		(17,805)	(9,941)
Net debt at 31 January 2002		(23,177)	(17,805)

Note of Historical Cost Profits and Losses

Year ended 31 January 2002

	2002	2001 As restated
	£000	£000
Profit on ordinary activities before taxation	9,206	7,620
Difference between historical cost depreciation charge and actual depreciation charge on the revalued amount	11	9
Historical cost profit on ordinary activities before taxation	<u>9,217</u>	<u>7,629</u>
Historical cost profit for the year retained after taxation and dividends	<u>3,119</u>	<u>2,398</u>

The note of historical cost profits and losses as of 31 January 2001 has been restated for the adoption of FRS 19 (see note 25).

Reconciliation of Movements in Consolidated Shareholders' Funds

Year ended 31 January 2002

	2002	2001 As restated
	£000	£000
Profit for the financial year	6,431	5,301
Dividends	(3,323)	(2,912)
Net addition to shareholders' funds	<u>3,108</u>	<u>2,389</u>
Opening shareholders' funds:	30,242	27,853
Closing shareholders' funds	<u>33,350</u>	<u>30,242</u>
Attributable to 6% Cumulative Preference shareholders	200	200
Attributable to 31.5% Cumulative Preference shareholders	<u>450</u>	<u>450</u>
Total attributable to non-equity interests	650	650
Attributable to equity interests	<u>32,700</u>	<u>29,592</u>
	<u>33,350</u>	<u>30,242</u>

The opening shareholders' funds at 1 February 2000 as previously reported amounted to £27,803,000 before the prior year adjustment of £50,000.

Notes to the Accounts

Year ended 31 January 2002

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. Following the adoption of Financial Reporting Standard No. 19 "Deferred Tax" comparative figures have been restated. The financial statements also reflect the adoption of Financial Reporting Standard No. 18 "Accounting Policies", the effect of which has had no impact on the results of both the current and prior years, and the transitional requirements of Financial Reporting Standard No. 17 "Retirement Benefits". The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain freehold properties.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. All of these companies have the same year end date as the group.

Turnover

Turnover is exclusive of value added tax and comprises:

● Home collected instalment credit agreements	Credit charges received or receivable
● Monthly instalment credit agreements (consumer credit)	Credit charges received or receivable
● Monthly instalment credit agreements (car finance)	Credit charges received or receivable.
● Hire purchase agreements	Gross amount received or receivable, less deferred revenue.
● Goods and services	Gross amounts of goods and services supplied.
● Insurance	Net commission received and receivable on premiums paid by customers.

Business Transacted

The directors have included a memorandum figure at the top of the profit and loss account, 'Business Transacted'. This represents the total amount that the customer has contracted to pay subject to the deferral of revenue attributable to a later period and VAT.

Tangible fixed assets

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

Freehold buildings	2% per annum straight line
Computers	20% per annum straight line
Fixtures, fittings and plant	10% to 20% per annum on reducing balance
Motor vehicles	25% per annum on reducing balance

No depreciation is provided on freehold land. The company has adopted the transitional provisions in relation to its freehold properties under FRS 15 and as such the valuation performed in 1973 has been frozen and the properties will be held at modified historic cost.

1. Accounting policies (continued)

Investments

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

Debtors

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

Deferred revenue

Deferred revenue comprises that part of the gross profit on customer accounts at the year end which had not been earned at the balance sheet date.

Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of manufactured goods includes materials, direct labour, and a proportion of production overheads appropriate to the relevant stage of production.

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Goodwill

All goodwill has been written off to reserves in the year in which it arose as a matter of accounting policy. If any of the businesses on which goodwill arose on acquisition was to be sold, then the goodwill attributable to that business would have to be taken in to consideration in calculating the profit or loss on disposal.

Any goodwill which arises on future acquisitions will be capitalised and amortised over its useful life in accordance with the requirements of FRS 10 "Goodwill and intangible assets".

Pensions

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

The Group has adopted the transitional requirements of Financial Reporting Standard 17 'Retirement Benefits'.

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

Leases

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

Notes to the Accounts

Year ended 31 January 2002

2. Analyses of turnover, operating profit/(loss) and net assets

All operations are situated in the United Kingdom. Analyses by class of business of turnover, operating profit and net assets are stated below:

Class of business	Turnover		Operating profit / (loss)		Net assets	
	2002	2001	2002	2001	2002	2001 (restated)
	£000	£000	£000	£000	£000	£000
Consumer credit, rentals and other retail trading	27,630	25,661	8,441	6,793	32,100	29,411
Car finance	5,861	4,966	1,983	1,571	808	365
Manufacturing	939	1,265	(27)	85	442	466
	<u>34,430</u>	<u>31,892</u>	<u>10,397</u>	<u>8,449</u>	<u>33,350</u>	<u>30,242</u>

Geographical analysis by destination	Turnover	
	2002 £000	2001 £000
United Kingdom	33,590	30,852
Other European countries	840	1,240
	<u>34,430</u>	<u>31,892</u>

3. Directors' emoluments

	Salaries and fees £000	Annual bonuses £000	Benefits in kind £000	Pension contribution £000	Retirement bonus £000	Total 2002 £000	Total 2001 £000
Executive directors							
D M Coombs	198	30	25	-	-	253	213
A M V Coombs	160	31	12	23	-	226	161
G D C Coombs	135	27	8	20	-	190	136
R E J Fisher	113	14	15	74	30	246	120
Non-executive directors							
M F Hepplewhite	14	-	-	-	-	14	12
D Markou	13	-	-	-	-	13	11
K R Smith	13	-	-	-	-	13	11
2002 Total	<u>646</u>	<u>102</u>	<u>60</u>	<u>117</u>	<u>30</u>	<u>955</u>	<u>664</u>
2001 Total	<u>580</u>	<u>31</u>	<u>53</u>	<u>-</u>	<u>-</u>		

The benefits in kind received by the directors comprise principally the provision of a company car and medical benefits.

During the year the company made pension contributions of £117,000 (2001 - £20,000) to a money purchase pension scheme for three directors, Messrs A M V Coombs, G D C Coombs and R E J Fisher (2001 - one director). £15,000 of the pension payment to Mr R E J Fisher was in connection with his retirement.

4. Information regarding employees

	2002	2001
	No	No
The average number of persons employed by the group in the year was:		
Consumer credit, rentals and other retail trading	284	297
Car finance	50	40
Manufacturing	18	19
	<u>352</u>	<u>356</u>
	2002	2001
	£000	£000
Staff costs during the year (including directors):		
Wages and salaries	7,195	6,725
Social security costs	679	610
Pension costs for money purchase scheme	166	88
	<u>8,040</u>	<u>7,423</u>

5. Operating profit

	2002	2001
	£000	£000
Operating profit is after charging/(crediting):		
Depreciation and amortisation:		
Owned assets	694	640
Rentals under operating leases:		
Hire of plant and machinery	6	4
Other operating leases	229	220
Auditors' remuneration:		
Group audit fees	56	56
Other services	18	18
Loss on sale of fixed assets	45	46
Rentals received/receivable under operating leases	(265)	(259)
	<u></u>	<u></u>
The audit fee for the company was £25,000 (2001 - £25,000).		

6. Net interest payable

	2002	2001
	£000	£000
Bank loan and overdraft	1,193	946
Other interest payable	10	-
	<u></u>	<u></u>
Interest payable and similar charges	1,203	946
Interest receivable	(12)	(4)
	<u>1,191</u>	<u>942</u>

Notes to the Accounts

Year ended 31 January 2002

7. Tax on profit on ordinary activities

	2002	2001 As restated
	£000	£000
Corporation tax at 30% (2001 – 30%) based on the profit for the year	2,695	2,405
Deferred tax		
Origination and reversal of timing differences	80	(86)
	<u>2,775</u>	<u>2,319</u>

Adoption of FRS 19 has required a change in the method of accounting for deferred tax. As a result the comparative figure for the tax on profit on ordinary activities for 2001 has been restated from the previously reported amount of £2,405,000 to £2,319,000. The impact of adopting FRS 19 on the 2002 results is an increase in the tax charge of £80,000.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous year exceeds the standard rate for the reasons set out in the following reconciliation.

	2002	2001
	£000	£000
Profit on ordinary activities before tax	9,206	7,620
Tax on profit on ordinary activities at standard rate	2,762	2,286
<i>Factors affecting charge for the period:</i>		
Non-qualifying depreciation	6	3
Other permanent differences	2	2
Other timing differences	6	57
Chargeable gain	–	5
Disposal proceeds of ineligible disposals	(1)	(34)
Total actual amount of current tax	<u>2,775</u>	<u>2,319</u>

No provision has been made for deferred tax on revaluing property to its market value. The tax on the gains arising from the revaluation would only become payable if the property were to be sold without rollover relief being available. These assets are expected to be used in the continuing operations of the business and therefore no tax is expected to be paid in the foreseeable future.

8. 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 £4,355,000 (2001 – restated £3,630,000).

9. Dividends

	2002 £000	2001 £000
Interim paid – 7.0p per Ordinary share (2001 – 6.0p)	822	704
Final proposed – 20.0p per Ordinary share (2001 – 17.5p)	2,347	2,054
Ordinary dividends on equity shares	3,169	2,758
31.5% Cumulative Preference dividend	142	142
6% Cumulative Preference dividend	12	12
Preference dividends on non-equity shares	154	154
Total dividends paid and proposed	3,323	2,912

10. Earnings per ordinary share

The calculation of earnings per Ordinary share is based on profit after tax of £6,431,000 (2001 – restated £5,301,000) from which is deducted Preference dividends of £154,000 (2001 – £154,000) giving earnings of £6,277,000 (2001 – restated £5,147,000).

The number of shares used in the calculation is the average number of shares in issue during the year of 11,737,228 (2001 – 11,737,228). There are no dilutive shares.

Notes to the Accounts

Year ended 31 January 2002

11. Tangible fixed assets

The Group	Freehold land and buildings £000	Plant, machinery and motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 February 2001	1,240	4,786	1,067	7,093
Additions	16	566	126	708
Disposals	-	(781)	-	(781)
At 31 January 2002	1,256	4,571	1,193	7,020
Accumulated depreciation				
At 1 February 2001	192	3,259	769	4,220
Charge for the year	22	506	166	694
Disposals	-	(662)	-	(662)
At 31 January 2002	214	3,103	935	4,252
Net book value				
At 31 January 2002	1,042	1,468	258	2,768
At 31 January 2001	1,048	1,527	298	2,873
Comparable amounts determined according to the historical cost convention:				
Cost	533	4,571	1,193	6,297
Accumulated depreciation	(100)	(3,103)	(935)	(4,138)
Net book value				
At 31 January 2002	433	1,468	258	2,159
At 31 January 2001	428	1,527	298	2,253

Included in the above is land at a cost or valuation of £60,000 (2001 - £60,000) which is not depreciated.

11. Tangible fixed assets (continued)

The Company	Freehold land and buildings £000	Plant, machinery and motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 February 2001	310	1,580	523	2,413
Additions	-	291	16	307
Disposals	-	(307)	-	(307)
At 31 January 2002	<u>310</u>	<u>1,564</u>	<u>539</u>	<u>2,413</u>
Accumulated depreciation				
At 1 February 2001	20	1,062	379	1,461
Charge for the year	5	188	54	247
Disposals	-	(250)	-	(250)
At 31 January 2002	<u>25</u>	<u>1,000</u>	<u>433</u>	<u>1,458</u>
Net book value				
At 31 January 2002	<u>285</u>	<u>564</u>	<u>106</u>	<u>955</u>
At 31 January 2001	<u>290</u>	<u>518</u>	<u>144</u>	<u>952</u>
Comparable amounts determined according to the historical cost convention:				
Cost	260	1,564	539	2,363
Accumulated depreciation	(16)	(1,000)	(433)	(1,449)
Net book value				
At 31 January 2002	<u>244</u>	<u>564</u>	<u>106</u>	<u>914</u>
At 31 January 2001	<u>248</u>	<u>518</u>	<u>144</u>	<u>910</u>

Included in the above is land at a cost of £22,000 (2001 - £22,000) which is not depreciated.

Notes to the Accounts

Year ended 31 January 2002

11. Tangible fixed assets (continued)

Freehold land and buildings at cost or valuation are stated:

	The Group		The Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
At open market valuation for existing use in 1973	971	971	60	60
At cost	285	269	250	250
	<u>1,256</u>	<u>1,240</u>	<u>310</u>	<u>310</u>

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

	The Group		The Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
	<u>319</u>	<u>376</u>	<u>115</u>	<u>86</u>

12. Investments

The Company	£000
Shares in subsidiary companies	
At 1 February 2001 and 31 January 2002	<u>2,893</u>

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
A E Holt (Leicester) Limited	Manufacture of hosiery

13. Amounts receivable from customers

	The Group		The Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Gross instalment credit receivables	77,399	65,418	22,389	18,510
Less: Provision for doubtful debt	(5,772)	(5,422)	(1,632)	(1,925)
Instalment credit receivables after provision	71,627	59,996	20,757	16,585
Less: Deferred revenue	(12,335)	(10,422)	(2,447)	(1,889)
	<u>59,292</u>	<u>49,574</u>	<u>18,310</u>	<u>14,696</u>
Amounts receivable under finance leases and hire purchase agreements included above	<u>19,680</u>	<u>15,170</u>	<u>827</u>	<u>571</u>
Value of assets acquired during the year to be leased under finance leases or hire purchase agreements	<u>11,468</u>	<u>11,029</u>	<u>559</u>	<u>407</u>
Rentals received during the year in respect of finance leases and hire purchase agreements	<u>10,985</u>	<u>6,596</u>	<u>1,131</u>	<u>815</u>

14. Stocks

	The Group		The Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Raw materials	16	25	-	-
Work in progress	66	116	-	-
Finished goods and goods for resale	156	242	45	55
	<u>238</u>	<u>383</u>	<u>45</u>	<u>55</u>

Notes to the Accounts

Year ended 31 January 2002

15. Debtors

	The Group		The Company	
	2002	2001 restated	2002	2001 restated
	£000	£000	£000	£000
Trade debtors	117	147	-	-
Amounts owed by subsidiary undertakings	-	-	17,022	12,290
Deferred tax asset	56	136	30	16
Corporation tax recoverable	-	171	-	52
Other debtors	380	326	234	138
Prepayments and accrued income	326	273	161	127
	<u>879</u>	<u>1,053</u>	<u>17,447</u>	<u>12,623</u>

All the above amounts fall due within one year.

The deferred tax asset has been recognised in accordance with Financial Reporting Standard 19 on the grounds that sufficient future taxable profits will arise for the asset to be recovered. The directors consider this justified on the basis of the strong growth in profitability of S & U plc in recent accounting periods and have no reason to believe that profits will not arise in the future.

16. Creditors: amounts falling due within one year

	The Group		The Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
Bank overdrafts	8,292	7,961	3,069	1,267
Trade creditors	677	587	258	320
Amounts owed to group undertakings	-	-	1,453	1,664
Corporation tax	1,821	1,727	544	340
Group relief payable	-	-	9	-
Other taxation and social security	293	303	137	126
Other creditors	490	426	285	249
Accruals and deferred income	946	739	374	128
Proposed dividend	2,423	2,054	2,423	2,054
	<u>14,942</u>	<u>13,797</u>	<u>8,552</u>	<u>6,148</u>

17. Creditors: amounts falling due after more than one year

	The Group		The Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Bank loan	15,000	10,000	15,000	10,000
	<u>15,000</u>	<u>10,000</u>	<u>15,000</u>	<u>10,000</u>

A maturity analysis of the above borrowings is given in note 19.

18. Called up share capital

		2002 £000	2001 £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
3,600,756	31.5% Cumulative Preference shares of 12.5p each	450	450
		<u>2,450</u>	<u>2,450</u>
Called up, allotted and fully paid			
11,737,228	Ordinary shares of 12.5p each	1,467	1,467
200,000	6% Cumulative Preference shares of £1 each	200	200
3,600,756	31.5% Cumulative Preference shares of 12.5p each	450	450
		<u>2,117</u>	<u>2,117</u>

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 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.

Neither class of Cumulative Preference share carries voting rights so long as the dividends are not in arrears.

Notes to the Accounts

Year ended 31 January 2002

19. Financial instruments

As a result of "Financial Reporting Standard No.13 - Derivatives and Other Financial Instruments", we are required to produce both a narrative explanation of the group's use of financial instruments and a table of the 'fair value' of the group's financial assets and liabilities.

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

The group'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.

During the year under review and up to the balance sheet date, the level of borrowings has increased in line with the increase in activity in the car finance business. Borrowings have taken the form of committed three year facilities in view of the longer lending periods involved in the car finance business.

As at 31 January 2002 the group's indebtedness amounted to £23,292,000 (2001: £17,961,000). The gearing was 69.5% (2001: 58.9%), being calculated as net borrowings as a percentage of equity shareholders' funds. The Board is of the view that the gearing level remains conservative, especially for a lending organisation.

The group has made no use of derivatives of any nature. The Board took the view that the relatively limited term of the group's lending made hedging costs inappropriate. However, the Board is mindful of the potentially increased interest rate risk associated with the car finance business and is monitoring rates with a view to taking hedging action if and when that appears to be appropriate.

The disclosures below exclude short term debtors and creditors.

Sterling financial liabilities

	2002 £000	2001 £000
Fixed rate	650	650
Floating rate (not hedged)	23,292	17,961
	<u>23,942</u>	<u>18,611</u>

The weighted average interest rate on fixed rate financial liabilities at 31 January 2002, being preference share capital having no maturity date, was 24% (2001: 24%). The reference rate for floating rate financial liabilities is United Kingdom base rates. There are no non-interest bearing financial liabilities, or undrawn committed borrowing facilities.

Sterling financial assets

	2002 £000	2001 £000
Fixed rate	12,578	9,737
Non-interest bearing	115	156
	<u>12,693</u>	<u>9,893</u>

The weighted average interest rate on fixed rate financial assets at 31 January 2002 was 30.1% (2001: 30.1%), with a weighted average period of 2.2 years (2001: 2.6 years) for which the rate is fixed. Non-interest bearing financial assets constitutes cash in hand. There are no floating rate financial assets.

19. Financial instruments (continued)

Currency risk

The Group has no material exposure to foreign currency risk.

Liquidity risk

The maturity of the Group's financial liabilities at 31 January 2002 was as follows:

	2002 £000	2001 £000
In one year or less or on demand	8,292	7,961
In more than one year but not more than two years	-	-
In more than two years but not more than five years	15,000	10,000
In more than five years	650	650
	<u>23,942</u>	<u>18,611</u>

S & U plc has no unused committed borrowing facilities at the 31 January 2002 (2001: nil).

Fair values of financial assets and financial liabilities

	2002		2001	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Primary financial instruments:				
Net indebtedness	(23,177)	(23,177)	(17,805)	(17,805)
Preference share capital	(650)	(2,174)	(650)	(2,267)
Amounts receivable from customers (falling due after more than one year)	12,578	14,109	9,737	11,486*

* This fair value balance has been restated using a more appropriate discount rate, the balance has increased by £3,590,000 as a result of this restatement.

The fair values of cash at bank and in hand, the bank loans and the bank overdrafts are not materially different from their book values.

The fair values of the preference share capital are based on the mid prices at the close of business of those instruments sourced from the Daily Official Lists for 31 January 2002 and 2001.

Amounts receivable from customers have been discounted at a rate commensurate with the credit, interest rate and prepayment risks inherent in the assets. For amounts receivable from customers due in less than one year, which have been excluded from the numerical disclosures above, a discounted cash flow calculation does not give a result materially different to the carrying value of the assets.

Notes to the Accounts

Year ended 31 January 2002

20. Reconciliation of operating profit to net cash flow from operating activities

	2002 £000	2001 £000
Operating profit	10,397	8,449
Depreciation	694	640
Loss on sale of fixed assets	45	46
Decrease in stocks	145	93
Increase in amounts receivable from customers	(9,718)	(11,103)
(Increase)/decrease in debtors	(77)	106
Increase in creditors	264	136
Net cash inflow/(outflow) from operating activities	<u>1,750</u>	<u>(1,633)</u>

21. Analysis of net debt

	31 January 2001 £000	Cash flow £000	31 January 2002 £000
Cash at bank and in hand	156	(41)	115
Bank overdraft	(7,961)	(331)	(8,292)
	<u>(7,805)</u>	<u>(372)</u>	<u>(8,177)</u>
Debt due after more than one year	(10,000)	(5,000)	(15,000)
	<u>(17,805)</u>	<u>(5,372)</u>	<u>(23,177)</u>

22. Financial commitments

	The Group		The Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Capital commitments				
Contracted for but not provided	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Operating lease commitments

At 31 January 2002, the group and company had annual commitments under non-cancellable other operating leases as set out below:

	The Group		The Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Land and buildings				
Leases which expire:				
Within one year	20	93	17	86
Within two to five years	115	28	115	28
After five years	56	39	21	18
	<u>191</u>	<u>160</u>	<u>153</u>	<u>132</u>
Other				
Leases which expire:				
Within two to five years	5	3	1	-
After five years	-	-	-	-
	<u>5</u>	<u>3</u>	<u>1</u>	<u>-</u>

23. 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 2002 was £5,065,000 (2001 - £6,552,000).

24. Pension schemes

During the year Financial Reporting Standard 17 'Retirement Benefits' ('FRS 17') began to come into force. This standard will require assets or liabilities arising from the Group's defined benefit pension scheme to be evaluated and accounted for in the primary financial statements on a new basis with effect from the Group's financial year ending 31 January 2004.

As a transitional measure, the standard requires that the pension asset or liability calculated on the new basis is disclosed by way of memorandum in the notes to the accounts. These disclosures are given at (b) below. The standard provides that the asset or liability recognised in the accounts at 31 January 2002 should continue to be calculated according to Statement of Standard Accounting Practice 24 'Accounting for Pension Costs' ('SSAP 24'). Disclosures relating to this calculation are given at (a) below.

(a) Disclosures made in accordance with SSAP 24

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

The assets of the S & U plc defined benefit pension scheme are held under trust. The scheme is closed to new entrants. The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 31 March 1998, using the attained age method. The following actuarial assumptions were applied:

Investment returns	8.5 % per annum.
Salary growth	6.9 % per annum.
Pension increases	4.3 % per annum in respect of post 5 April 1997 service and 0% per annum in respect of pre 6 April 1997 service.

At the last actuarial valuation date, the market value of the assets of the scheme was £1,453,000 and the actuarial value was sufficient to cover 105% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The surplus position produces a nil pension cost in the period and no further contributions from the company are foreseen. As a result of the surplus position, all benefits in the scheme were increased by 25% with effect from 1 April 1997.

(b) Disclosures made in accordance with FRS 17

The group operates a defined benefit scheme in the United Kingdom.

A full actuarial valuation was carried out at 31 March 1998 and updated to 31 January 2002 by a qualified independent actuary. The valuation method used was the Project Unit method. The major assumptions used by the actuary were (in nominal terms):

	At year end 31 January 2002
Rate of increase in salaries	4.0%
Rate of increase in pensions in payment	2.5%
Discount rate	5.5%
Inflation assumption	2.5%

Notes to the Accounts

Year ended 31 January 2002

24. Pension schemes (continued)

The assets in the scheme and the expected rate of return were:

	Expected rate of return at year end 31 January 2002	Fair value at year end 31 January 2002 £000
Equities	6.8%	1,018
Bonds	5.2%	204
Cash	4.0%	2
		<hr/>
Total fair value of assets		1,224
Actuarial value of liability		931
		<hr/>
Surplus in the scheme		293
		<hr/>
Useable surplus		146
Related deferred tax liability		(44)
		<hr/>
Net pension asset		102
		<hr/>
Reserves note		At year end 31 January 2002 £000
Profit and loss reserve excluding pension asset		28,488
Pension reserve		102
		<hr/>
Profit and loss reserve		28,590
		<hr/>

25. Prior period adjustment

The adoption of FRS 19 'Deferred Taxation' has required changes in the method of accounting for deferred tax assets and liabilities. As a result of these changes in accounting policy the comparatives have been restated as follows:

The Group	Deferred tax asset £000	Profit and loss account reserve £000	Shareholders' funds £000
2001 as previously reported	-	25,233	30,106
Adoption of FRS 19 at 1 February 2000	50	50	50
During the year ended 31 January 2001	86	86	86
	<hr/>	<hr/>	<hr/>
Adoption of FRS 19 at 31 January 2001	136	136	136
	<hr/>	<hr/>	<hr/>
2001 restated	136	25,369	30,242
	<hr/>	<hr/>	<hr/>

The Company	Deferred tax asset £000	Profit and loss account reserve £000	Shareholders' funds £000
2001 as previously reported	-	10,762	15,057
Adoption of FRS 19 at 1 February 2000	6	6	6
During the year ended 31 January 2001	10	10	10
	<hr/>	<hr/>	<hr/>
Adoption of FRS 19 at 31 January 2001	16	16	16
	<hr/>	<hr/>	<hr/>
2001 restated	16	10,778	15,073
	<hr/>	<hr/>	<hr/>

26. Related party transactions

In accordance with Financial Reporting Standard No 8 "Related Party Transactions", transactions with other group undertakings within and investee related parties of S & U plc have not been disclosed in these financial statements.

Five Year Financial Record

	1998	1999	2000	2001 (restated)	2002
	£000	£000	£000	£000	£000
Business Transacted	62,301	64,833	72,810	86,482	89,929
Turnover	22,214	23,629	26,479	31,892	34,430
Operating profit	5,953	6,066	6,188	8,449	10,397
Profit on ordinary activities before taxation	6,821	5,852	6,007	7,620	9,206
Corporation tax	(1,907)	(1,796)	(1,758)	(2,319)	(2,775)
Profit after taxation	4,914	4,056	4,249	5,301	6,431
Assets employed					
Fixed assets	2,882	2,891	2,980	2,873	2,768
Current assets	29,684	31,723	40,052	51,166	60,524
	32,566	34,614	43,032	54,039	63,292
Creditors	(7,951)	(8,441)	(15,229)	(23,797)	(29,942)
Shareholders' funds	24,615	26,173	27,803	30,242	33,350
Earnings per Ordinary share	40.6p	33.3p	34.9p	43.9p	53.5p
Dividends per Ordinary share	19.0p	20.0p	21.0p	23.5p	27.0p
Statistics					
Operating profit as a percentage of business transacted	9.6%	9.4%	8.5%	9.8%	11.6%
Profit on ordinary activities before taxation as a percentage of net assets.	27.7%	22.4%	21.6%	25.2%	27.6%
Net borrowings as a percentage of shareholders' funds	14.9%	18.0%	35.8%	58.9%	69.5%

The results for the years ended 31 January 1998, 1999 and 2000 have not been restated for the adoption of FRS 19. Hence, these results are not directly comparable to 2001 and 2002.

Notice of Meeting

Notice is hereby given that the sixty-fourth Annual General Meeting of S & U plc will be held at Nuthurst Grange Hotel, Hockley Heath, Warwickshire B94 5NL on Wednesday 5 June 2002 at 11.30 a.m. for the following purposes:

1. To receive and consider the financial statements for the year ended 31 January 2002, together with the reports of the directors and auditors thereon.
2. To declare a final ordinary dividend of 20.0p per share.
3. To re-elect as a director Mr G D C Coombs who retires by rotation.
4. To re-elect as a director Mr M F Hepplewhite who retires by rotation.
5. To elect as a director Mr F Coombs who has been appointed since the last annual general meeting of the company.
6. To re-appoint Deloitte & Touche as auditors of the company.
7. To authorise the directors to fix the remuneration of the auditors.

By Order of the Board



E D Maiden

✓ Secretary

30 April 2002

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.
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 register of directors' interests required to be kept by the Companies Act 1985 will be available for inspection at the Annual General Meeting.

Locations

BACUP

BIRMINGHAM

BRISTOL

DUNSTABLE

EDINBURGH

FALMOUTH

GRIMSBY

HEREFORD

IPSWICH

LEICESTER

LONDON

NEATH

NEWCASTLE-ON-TYNE

NEWTON ABBOT

PENMAENMAWR

PENRITH

PETERBOROUGH

SHEFFIELD

SOUTHAMPTON

STOKE-ON-TRENT

SUTTON-IN-ASHFIELD

WOLVERHAMPTON



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