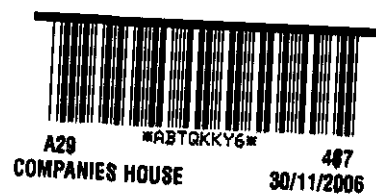


Company Registration No: 3773673

Advantage Finance Limited

Report and Financial Statements

31 January 2006



Advantage Finance Limited

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Advantage Finance Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B A Burton (appointed 5 October 2006)
K Charlton
D M Coombs
A M V Coombs
G D C Coombs
H A Hayes (appointed 1 December 2005)
C H Redford
M G Sizer
J G Thompson
A Tuplin (appointed 5 October 2006)

SECRETARY

C H Redford

REGISTERED OFFICE

Royal House, Princes Gate
Homer Road
Solihull
B91 3QQ

BANKERS

HSBC Bank plc
130 New Street
Birmingham
B2 4JU

SOLICITORS

Wedlake Bell Solicitors
52 Bedford Row
London WC 12 4LR

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Birmingham

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31st January 2006.

ACTIVITIES

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

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

In the competitive used car finance market, Advantage Finance is increasingly successful and 2005/2006 was a year in which profits and cash receipts continued to grow steadily in line with our strategy for this business. Pre tax profit was affected by an increase in impairment charges and finance costs but still grew by 8% on revenue up 11%. The directors see these results as providing a firm platform for the future development and growth of the company.

RESULTS AND DIVIDENDS

The company's profit on ordinary activities after taxation was £1,566,000 (2005 - £1,444,000). Interim ordinary dividends of £723,000 (2005 - £641,000) were paid during the year and the directors do not propose paying a final dividend, leaving retained profits of £843,000 (2005 - £803,000) to be transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

D M Coombs, AMV Coombs, GDC Coombs, K Charlton, CH Redford, JG Thompson, MG Sizer, HA Hayes

H A Hayes was appointed as a director of the company on 1st December 2005 and B A Burton and A Tuplin were appointed on 5th October 2006 and these 3 directors offer themselves for election. The director retiring by rotation is K Charlton who, being eligible, offers himself for re-election.

Messrs D M Coombs, A M V Coombs, G D C Coombs, JG Thompson and CH Redford were also directors of S & U plc during the year, and their interests in the shares of group companies are disclosed in the directors' report of that company. No other director had any interest in the shares of the company or other group companies.

FINANCIAL RISK MANAGEMENT POLICIES

The directors have reviewed the financial risk management objectives and policies of the company and the group. The company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms.

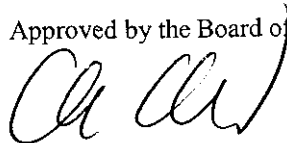
CREDITOR PAYMENT POLICY

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 company for the year ended 31 January 2006 were 29 days (2005 - 28 days), calculated in accordance with the requirements set down in the Companies Act 1985. This represents the ratio, expressed in days, between the amounts invoiced to the group and the company by their suppliers in the year and the amount due, at the year end, to trade creditors within one year.

AUDITORS

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

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



CH Redford

Secretary

30 November 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with International Reporting Standards (IFRSs).

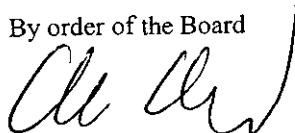
Company law requires the directors to prepare such financial statements in accordance with International Financial Reporting Standards, the Companies Act 1985 and Article 4 of the IAS regulation. International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is 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
- prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

By order of the Board



CH Redford, Secretary

30 November 2006

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 2006 which comprise the income statement, the balance sheet, the cash flow statement, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, 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 regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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, in accordance with those IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 31 January 2006 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Separate opinion in relation to IFRS

As explained in Note 1.2, the company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. Accordingly, in our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 31 January 2006 and of its profit for the year then ended.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham, UK

30 November 2006

Advantage Finance Limited

INCOME STATEMENT **Year ended 31 January 2006**

	Note	2006 £000	2005 £000
Revenue	2	11,176	10,050
Cost of sales	3	(6,085)	(5,404)
Gross profit		5,091	4,646
Administrative expenses		(1,510)	(1,432)
Operating profit	5	3,581	3,214
Finance costs	6	(1,344)	(1,149)
Profit before taxation	2	2,237	2,065
Taxation	7	(671)	(621)
Profit for the year		1,566	1,444


All activities derive from continuing operations. There are no recognised gains and losses for the years ended 31 January 2006 and 2005 other than the profit for either year.

ADVANTAGE FINANCE LIMITED
BALANCE SHEET
31 January 2006

	Note	2006 £000	2005 £000
ASSETS			
Non Current Assets			
Property, plant and equipment	9	230	224
Amounts receivable from customers	10	19,290	15,672
Deferred tax assets	15	14	137
		<u>19,534</u>	<u>16,033</u>
Current Assets			
Amounts receivable from customers	10	10,695	9,701
Trade and other receivables	12	76	97
Cash and cash equivalents		-	-
		<u>10,771</u>	<u>9,798</u>
Total Assets		<u>30,305</u>	<u>25,831</u>
LIABILITIES			
Current liabilities			
Bank overdrafts and loans	13	(5,573)	(2,092)
Trade and other payables	14	(20,353)	(20,336)
Tax liabilities		(430)	(370)
Accruals and deferred income		(884)	(811)
		<u>(27,240)</u>	<u>(23,609)</u>
Non current liabilities			
Deferred tax liabilities	15	-	-
		<u>-</u>	<u>-</u>
Total liabilities		<u>(27,240)</u>	<u>(23,609)</u>
NET ASSETS		<u>3,065</u>	<u>2,222</u>
Equity			
Called up share capital	16	1	1
Profit and loss account		3,064	2,221
Total equity	17	<u>3,065</u>	<u>2,222</u>

These financial statements were approved by the Board of Directors on 30 November 2006.

Signed on behalf of the Board of Directors


CH Redford

Advantage Finance Limited

CASH FLOW STATEMENT **Year ended 31 January 2006**

	Note	2006 £000	2005 £000
Net cash (outflow)/inflow from operating activities	18	(2,656)	2,746
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		20	43
Purchases of property, plant and equipment		(122)	(109)
Net cash used in investing activities		(102)	(66)
Cash flows from financing activities			
Dividends paid		(723)	(641)
Net increase/(decrease) in overdraft		3,481	(2,039)
Net cash generated/(used) in financing activities		2,758	(2,680)
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		-	-

Advantage Finance Limited

NOTES TO THE ACCOUNTS Year ended 31 January 2006

1. ACCOUNTING POLICIES

1.1 General Information

Advantage Finance Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 2. All operations are situated in the United Kingdom.

1.2 Basis of preparation

Prior to 2005 Advantage Finance Limited has prepared its financial statements under UK generally accepted accounting principles ("UK GAAP") but as part of a listed group we have now elected to prepare our financial statements in accordance with international financial reporting standards (IFRS) as endorsed by the European Union. The date of transition to IFRS for Advantage Finance Limited was 1 February 2004 and the company has prepared its opening balance sheet at that date. Reconciliations between previously reported UK GAAP results and IFRS as adopted are presented in note 24.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments to fair value.

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 are included as credit charges in the calculation and any direct transaction costs are added to the advance. Under IAS 39 credit charges on loan products continue to accrue at the EIR on all outstanding capital balances including those impaired 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 3rd 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.

1.4 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. Amortised cost is the amount of the customer receivable at initial recognition less customer repayments, plus revenue earned less any deduction for impairment.

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. 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.

Advantage Finance Limited

NOTES TO THE ACCOUNTS Year ended 31 January 2006

1. ACCOUNTING POLICIES (CONTINUED)

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 Taxation

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

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

1.8 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 when incurred.

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 Group's accounting policies and which have the most significant effect on the amounts recognised in the financial statements are the judgements relating to impairment applied as in 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.

Advantage Finance Limited

NOTES TO THE ACCOUNTS **Year ended 31 January 2006**

2. SEGMENTAL ANALYSIS

All the company's assets and liabilities, revenue and profit before taxation 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

	2006	2005
	£000	£000
Loan loss provisioning charge	3,755	3,331
Other cost of sales	2,330	2,073
	<u>6,085</u>	<u>5,404</u>

The loan loss provisioning charge includes the gross up adjustment of £988,000 (2005 £901,000).

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006	2005
	£000	£000
Directors' emoluments		
Salary and Commission	288	293
Pension	24	24
	<u>312</u>	<u>317</u>

The emoluments of the highest paid director are £162,130 for the year (2005: £141,079), and the company paid pension contributions on his behalf of £8,906 (2005: £8,100). Four of the directors are paid by other S&U plc group companies.

	2006	2005
Number of directors who are members of a defined contribution pension scheme	<u>4</u>	<u>3</u>
Average number of persons employed		
Management and administration	<u>75</u>	<u>69</u>

	£000	£000
Staff costs during the year (including directors):		
Wages and salaries	1,633	1,559
Social security costs	189	170
Other pension costs	86	79
	<u>1,908</u>	<u>1,808</u>

Advantage Finance Limited

NOTES TO THE ACCOUNTS **Year ended 31 January 2006**

5. OPERATING PROFIT

	2006	2005
	£000	£000
Operating profit is after charging/(crediting):		
Depreciation and amortisation:		
Owned assets	90	88
Rentals under operating leases:		
Other operating leases	75	75
Auditors' remuneration:		
Statutory audit	17	10
Other services	10	8
Loss/(profit) on sale of fixed assets	6	(7)
	<u> </u>	<u> </u>

6. FINANCE COSTS

	2006	2005
	£000	£000
Bank interest payable	1,344	1,149
	<u> </u>	<u> </u>

7. TAX ON PROFIT BEFORE TAXATION

	2006	2005
	£000	£000
Corporation tax at 30% (2005 – 30%) based on the profit for the year	670	623
Adjustment in respect of prior years	(122)	(13)
Deferred tax timing differences –origination and reversal	123	11
	<u> </u>	<u> </u>
	671	621
	<u> </u>	<u> </u>

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

	2006	2005
	£000	£000
Profit on ordinary activities before tax	2,237	2,065
Tax on profit on ordinary activities at standard rate of 30% (2005 – 30%)	671	619
<i>Factors affecting charge for the period:</i>		
Expenses not deductible for tax purposes	2	2
Capital allowances in excess of depreciation	(3)	2
Prior period adjustments	1	(2)
	<u> </u>	<u> </u>
Total actual amount of tax	671	621
	<u> </u>	<u> </u>

Advantage Finance Limited

NOTES TO THE ACCOUNTS Year ended 31 January 2006

8. DIVIDENDS

	2006 £000	2005 £000
Ordinary dividend paid £723 per share (2005: £641)	723	641

9. PROPERTY, PLANT AND EQUIPMENT

	Short Leasehold Buildings £000	Motor vehicles £000	Fixtures and Fittings £000	Total £000
Cost or valuation				
At 1 February 2004	24	233	240	497
Additions	7	63	38	108
Disposals	-	(91)	(4)	(95)
At 1 February 2005	31	205	274	510
Additions	5	101	16	122
Disposals	-	(50)	(5)	(55)
At 31 January 2006	36	256	285	577
Accumulated depreciation				
At 1 February 2004	14	99	144	257
Charge for the year	5	40	43	88
Eliminated on disposals	-	(55)	(4)	(59)
At 1 February 2005	19	84	183	286
Charge for the year	5	49	36	90
Eliminated on disposals	-	(24)	(5)	(29)
At 31 January 2006	24	109	214	347
Net book value				
At 31 January 2006	12	147	71	230
At 31 January 2005	12	121	91	224

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2006

10 AMOUNTS RECEIVABLE FROM CUSTOMERS

	2006	2005
	£000	£000
Credit receivables	37,919	31,712
Less: Loan loss provision	(7,934)	(6,339)
	<u>29,985</u>	<u>25,373</u>
Amounts receivable from customers		
Analysed as		
- due within one year	10,695	9,701
- due in more than one year	19,290	15,672
	<u>29,985</u>	<u>25,373</u>

11 INVESTMENTS

	2006	2005
	£	£
Shares in subsidiary companies cost and carrying value		
At 1 st February 2005	1	1
Additions	1	-
	<u>2</u>	<u>1</u>
At 31 st January 2006		

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
Communitas Finance Limited

Dormant
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.

12 TRADE AND OTHER RECEIVABLES

	2006	2005
	£000	£000
Other debtors	5	4
Prepayments and accrued income	71	93
	<u>76</u>	<u>97</u>

All the above amounts fall due within one year.

Advantage Finance Limited

NOTES TO THE ACCOUNTS **Year ended 31 January 2006**

13 BANK OVERDRAFTS AND LOANS

	2006	2005
	£000	£000
Bank overdrafts – due within one year	5,573	2,092

The bank overdraft is secured over the assets of the group under a multilateral guarantee (see note 19).

14 TRADE AND OTHER PAYABLES

	2006	2005
	£000	£000
Trade creditors	171	161
Amounts owed to other group undertakings	19,991	19,991
Other creditors	191	184
	<u>20,353</u>	<u>20,336</u>

15 DEFERRED TAX

	Accelerated tax depreciation	Tax Losses	Total
	£000	£000	£000
At 1 February 2004	11	137	148
Credit/(Charge) to income	3	(14)	(11)
At 1 February 2005	14	123	137
Credit/(Charge) to income	-	(123)	(123)
At 31 January 2006	<u>14</u>	<u>-</u>	<u>14</u>

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.

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2006

16 CALLED UP SHARE CAPITAL

	2006	2005
	£000	£000
Authorised, called up, allotted and fully paid 1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

17 SHAREHOLDERS' FUNDS AND STATEMENT OF CHANGES IN EQUITY

	Called Up Share Capital	Profit And Loss Account	Total Equity
	£000	£000	£000
At 1 February 2004	1	1,418	1,419
Profit for year	-	1,444	1,444
Dividends	-	(641)	(641)
	<u>1</u>	<u>2,221</u>	<u>2,222</u>
At 1 February 2005	1	2,221	2,222
Profit for year	-	1,566	1,566
Dividends	-	(723)	(723)
	<u>1</u>	<u>3,064</u>	<u>3,065</u>
At 31 January 2006	<u>1</u>	<u>3,064</u>	<u>3,065</u>

18. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH FROM OPERATING ACTIVITIES

	2006	2005
	£000	£000
Profit before taxation	2,237	2,065
Tax paid	(488)	(514)
Depreciation on plant, property and equipment	90	88
Loss/(profit) on disposal of plant, property and equipment	6	(7)
(Increase) in amounts receivable from customers	(4,612)	(4,206)
Decrease in trade and other receivables	21	40
Increase in trade and other payables	17	5,032
Increase in accruals and deferred income	73	248
	<u>(2,656)</u>	<u>2,746</u>
Net cash (ouflow)/inflow from operating activities	<u>(2,656)</u>	<u>2,746</u>

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2006

19. 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 2006 was £22,640,941 (2005 - £23,698,944).

20. RELATED PARTY TRANSACTIONS

The company paid dividends to its parent company S&U plc of £723,000 (2005: £641,000). 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 2006 the company owed £19,991,000 (2005: £19,991,000) to other group undertakings.

21. 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.

22. FINANCIAL COMMITMENTS

Capital commitments

At 31 January 2006 and 31 January 2005, the company had no capital commitments contracted but not provided for.

Operating lease commitments

At 31 January 2006 and 31 January 2005, the company had annual commitments under non-cancellable other operating leases as set out below:

	2006 £000	2005 £000
Land and buildings		
Leases which expire:		
Within two to five years	52	44

23. PENSION SCHEMES

The company has no commitments for pensions that have not been fully funded outside the company.

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2006

24. RECONCILIATIONS BETWEEN IFRS AND UK GAAP

a) Revenue and Impairment

Under UK GAAP credit charges were recognised on a received or receivable basis using the sum of the digits method and acceptance fees in our car finance business were recognised upfront. Under IFRS, credit charges and acceptance fees 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. Under IAS 39 credit charges on loan products continue to accrue at the EIR on all outstanding capital balances including those impaired 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 impairment charge to reflect the fact that this additional revenue is not collectable.

Under UK GAAP, a specific reserve being the difference between the carrying value of the debt and the expected actual cash flows was made on all debts which are considered doubtful. Under IFRS, debts are assessed for impairment and the impairment charge to the income statement 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.

Income Statement 31 st January 2005 £'000	Audited UK Gaap	Revenue & Impairment Note 24a	Audited IFRS
Revenue	9,133	917	10,050
Cost of sales	(2,056)	(3,348)	(5,404)
Gross Profit	7,077	(2,431)	4,646
Administrative expenses	(3,911)	2,479	(1,432)
Operating profit	3,166	48	3,214
Finance costs	(1,149)		(1,149)
Profit before taxation	2,017	48	2,065
Taxation	(607)	(14)	(621)
Profit for the year	1,410	34	1,444

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2006

24. RECONCILIATIONS BETWEEN IFRS AND UK GAAP (CONTINUED)

1 st February 2004 £'000	Audited UK Gaap	Revenue & Impairment Note 24a	Audited IFRS
NET ASSETS			
Property plant and equipment	240		240
Amounts receivable from customers	14,027	(539)	13,488
Deferred tax assets	11	137	148
Non current assets	14,278	(402)	13,876
Amounts receivable from customers	7,597	82	7,679
Trade and Other Receivables	137		137
Current Income tax assets			
Current assets	7,734	82	7,816
Total assets	22,012	(320)	21,692
Bank overdrafts and loans	(4,130)		(4,130)
Trade and other payables	(15,304)		(15,304)
Tax liabilities	(275)		(275)
Accruals and Deferred Income	(564)		(564)
Current liabilities	(20,273)		(20,273)
Deferred tax liability			
Non current liabilities			
Total liabilities	(20,273)		(20,273)
NET ASSETS	1,739	(320)	1,419
Called up share capital	1		1
Profit and loss account	1,738	(320)	1,418
SHAREHOLDERS' EQUITY	1,739	(320)	1,419

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2006

24. RECONCILIATIONS BETWEEN IFRS AND UK GAAP (CONTINUED)

31st January 2005 £'000	Audited UKGaap	Revenue& Impairment Note 24a	Audited IFRS
NET ASSETS			
Property plant and equipment	224		224
Amounts receivable from customers	16,406	(734)	15,672
Deferred tax assets	14	123	137
Non current assets	16,644	(611)	16,033
Amounts receivable from customers	9,376	325	9,701
Trade and Other Receivables	97		97
Current Income tax assets			
Current assets	9,473	325	9,798
Total assets	26,117	(286)	25,831
Bank overdrafts and loans	(2,092)		(2,092)
Trade and other payables	(20,336)		(20,336)
Tax liabilities	(370)		(370)
Accruals and Deferred Income	(811)		(811)
Current liabilities	(23,609)		(23,609)
Deferred tax liabilities			
Non current liabilities			
Total liabilities	(23,609)		(23,609)
NET ASSETS	2,508	(286)	2,222
Called up share capital	1		1
Profit and loss account	2,507	(286)	2,221
SHAREHOLDERS' EQUITY	2,508	(286)	2,222