

Company Registration No: 3773673

Advantage Finance Limited

Report and Financial Statements

31 January 2007

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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
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

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

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 2007

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 2006/2007 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 profit still grew by 3% on revenue up 4% and number of live agreements up 3%. The directors see these results as providing a firm platform for the future development and growth of the company.

FINANCIAL POSITION AND PERFORMANCE

The company's profit on ordinary activities after taxation was £1,630,000 (2006 - £1,566,000). Interim ordinary dividends of £908,000 (2006 - £723,000) were paid during the year and the directors do not propose paying a final dividend, leaving retained profits of £722,000 (2006 - £843,000) to be transferred to reserves. The company's principal balance sheet asset remains its book debt and the directors consider the yearend balance sheet position to be satisfactory.

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, M G Sizer, HA Hayes, B A Burton and A Tuplin

The directors retiring by rotation are J G Thompson, M G Sizer, C H Redford and G D C Coombs who, being eligible, offers themselves for re-election.

Messrs D M Coombs, A M V Coombs, 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.

REVIEW OF PRINCIPAL RISKS AND UNCERTAINTIES

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. The key accounting judgements which the directors have made in the process of applying the Group's accounting policies and which have the most significant effect on the amounts recognised in the financial statements are the judgements relating to revenue recognition and impairment applied as in notes 13 and 14 to the accounts. 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.

AUDITORS

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

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

2 the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

DIRECTORS' REPORT (CONTINUED)

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 2007 were 29 days (2006 – 29 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

Company Secretary

28 November 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

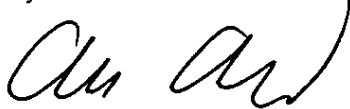
International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with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

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

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

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

By order of the Board



CH Redford, Secretary

28 November 2007

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 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of changes in equity 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 by the European Union are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. 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 company's circumstances, 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.

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 January 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Separate opinion in relation to IFRSs

As explained in Note 1 2 to the financial statements, the company in addition to complying with IFRSs as adopted by the European Union has also complied with the IFRSs as issued by the International Accounting Standards Board

In our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 31 January 2007 and of its profit for the year then ended

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham UK

30 November 2007

Advantage Finance Limited

INCOME STATEMENT **Year ended 31 January 2007**

	Note	2007 £000	2006 £000
Revenue	2	11,675	11,176
Cost of sales	3	(6,314)	(6,085)
Gross profit		5,361	5,091
Administrative expenses		(1,608)	(1,510)
Operating profit	5	3,753	3,581
Net finance costs	6	(1,439)	(1,344)
Profit before taxation	2	2,314	2,237
Taxation	7	(684)	(671)
Profit for the year		1,630	1,566

All activities derive from continuing operations

STATEMENT OF CHANGES IN EQUITY

	2007 £000	2006 £000
Opening Balance at 1 February	3,065	2,222
Profit for year	1,630	1,566
Dividends	(908)	(723)
Closing Balance at 31 January	3,787	3,065

ADVANTAGE FINANCE LIMITED
BALANCE SHEET
31 January 2007

	Note	2007 £000	2006 £000
ASSETS			
Non Current Assets			
Property, plant and equipment	9	220	230
Amounts receivable from customers	10	19,934	19,290
Deferred tax assets	15	15	14
		<u>20,169</u>	<u>19,534</u>
Current Assets			
Amounts receivable from customers	10	11,922	10,695
Trade and other receivables	12	75	76
Cash and cash equivalents		-	-
		<u>11,997</u>	<u>10,771</u>
Total Assets		<u>32,166</u>	<u>30,305</u>
LIABILITIES			
Current liabilities			
Bank overdrafts and loans	13	(6,918)	(5,573)
Trade and other payables	14	(20,277)	(20,353)
Tax liabilities		(414)	(430)
Accruals and deferred income		(770)	(884)
		<u>(28,379)</u>	<u>(27,240)</u>
Total liabilities		<u>(28,379)</u>	<u>(27,240)</u>
NET ASSETS		<u>3,787</u>	<u>3,065</u>
Equity			
Called up share capital	16	1	1
Profit and loss account		3,786	3,064
Total equity	17	<u>3,787</u>	<u>3,065</u>

These financial statements were approved by the Board of Directors on 28 November 2007

Signed on behalf of the Board of Directors



CH Redford

Advantage Finance Limited

CASH FLOW STATEMENT **Year ended 31 January 2007**

	Note	2007 £000	2006 £000
Net cash (outflow) from operating activities	18	(354)	(2,656)
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		13	20
Purchases of property, plant and equipment		(96)	(122)
Net cash used in investing activities		(83)	(102)
Cash flows from financing activities			
Dividends paid		(908)	(723)
Net increase in overdraft		1,345	3,481
Net cash generated in financing activities		437	2,758
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 2007

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 UK.

1.2 Basis of preparation

As part of a listed group we have now elected to prepare our financial statements in accordance with international financial reporting standards (IFRS) as adopted by the European Union.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments to fair value. The company has elected to retain the UK GAAP carrying values of certain freehold properties (including any historic revaluations) as deemed cost on the date of transition to IFRS.

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

IFRS 7 Financial Instruments: Disclosures and the related amendment to IAS 1 on capital disclosures

IFRS 8 Operating Segments

IFRIC7 Applying the restatement approach under IAS29

IFRIC8 Scope of IFRS2

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 10 Interim Financial Reporting and Impairment

IFRIC11 IFRS2 group and treasury share transactions

IFRIC12 Service concession arrangements

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

1.3 Revenue recognition

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

Commission received from third party insurers for brokering the sale of insurance products, for which the 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 2007

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 revenue recognition and impairment applied as in 1.3 and 1.4 above. The directors consider that there are no key sources of estimation uncertainty other than those inherent in the consumer credit market in which we operate.

Advantage Finance Limited

NOTES TO THE ACCOUNTS **Year ended 31 January 2007**

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

	2007	2006
	£000	£000
Loan loss provisioning charge	4,105	3,755
Other cost of sales	2,209	2,330
	<u>6,314</u>	<u>6,085</u>

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007	2006
	£000	£000
Directors' emoluments		
Salary and Commission	276	288
Pension	23	24
	<u>299</u>	<u>312</u>

The emoluments of the highest paid director are £156,407 for the year (2006 £162,130), and the company paid pension contributions on his behalf of £14,700 (2006 £8,906) Five of the directors are paid by other S&U plc group companies

	2007	2006
Number of directors who are members of a defined contribution pension scheme	<u>6</u>	<u>4</u>
Average number of persons employed		
Management and administration	<u>75</u>	<u>75</u>

	£000	£000
Staff costs during the year (including directors):		
Wages and salaries	1,589	1,633
Social security costs	178	189
Other pension costs	85	86
	<u>1,852</u>	<u>1,908</u>

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2007

5. OPERATING PROFIT

	2007 £000	2006 £000
Operating profit is stated after charging/(crediting)		
Depreciation and amortisation		
Owned assets	83	90
Rentals under operating leases		
Other operating leases	86	75
Loss on sale of fixed assets	10	6
	<u> </u>	<u> </u>
The analysis of auditors' remuneration is as follows,		
Auditors' remuneration for audit fees		
Fees payable to the group's auditors for the audit of the company annual accounts	14	17
Auditors' remuneration for non-audit fees		
Other services pursuant to legislation	6	6
Tax services	4	4
	<u> </u>	<u> </u>
Total	<u>24</u>	<u>27</u>

6. NET FINANCE COSTS

	2007 £000	2006 £000
Bank interest payable	1,447	1,344
Bank interest receivable	(8)	-
	<u>1,439</u>	<u>1,344</u>

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2007

7. TAX ON PROFIT BEFORE TAXATION

	2007 £000	2006 £000
Corporation tax at 30% (2005 – 30%) based on the profit for the year	698	670
Adjustment in respect of prior years	(13)	(122)
Deferred tax timing differences – origination and reversal	(1)	123
	<u>684</u>	<u>671</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

	2007 £000	2006 £000
Profit on ordinary activities before tax	2,314	2,237
Tax on profit on ordinary activities at standard rate of 30% (2005 – 30%)	694	671
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	3	2
Capital allowances exceeded by/(in excess of) depreciation	-	(3)
Prior period adjustments	(13)	1
Total actual amount of tax	<u>684</u>	<u>671</u>

In March 2007 the UK Government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. This legislation was substantively enacted in June 2007. Because the change is now enacted the deferred tax liability, currently stated at 30% of the temporary differences will be restated to 28% of those amounts. In addition the effective tax rate for the period to 31 January 2008 will reduce accordingly.

8. DIVIDENDS

	2007 £000	2006 £000
Ordinary dividend paid £908 per share (2006 £723)	<u>908</u>	<u>723</u>

Advantage Finance Limited

NOTES TO THE ACCOUNTS **Year ended 31 January 2007**

9. PROPERTY, PLANT AND EQUIPMENT

	Short Leasehold Buildings £000	Motor vehicles £000	Fixtures and Fittings £000	Total £000
Cost or valuation				
At 1 February 2005	31	205	274	510
Additions	5	101	16	122
Disposals	-	(50)	(5)	(55)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 February 2006	36	256	285	577
Additions	3	48	45	96
Disposals	-	(59)	(2)	(61)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2007	39	245	328	612
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 February 2005	19	84	183	286
Charge for the year	5	49	36	90
Eliminated on disposals	-	(24)	(5)	(29)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 February 2006	24	109	214	347
Charge for the year	6	43	34	83
Eliminated on disposals	-	(36)	(2)	(38)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2007	30	116	246	392
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 January 2007	9	129	82	220
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2006	12	147	71	230
	<hr/>	<hr/>	<hr/>	<hr/>

10 AMOUNTS RECEIVABLE FROM CUSTOMERS

	2007 £000	2006 £000
Credit receivables	40,893	37,919
Less Loan loss provision	(9,037)	(7,934)
	<hr/>	<hr/>
Amounts receivable from customers	31,856	29,985
	<hr/>	<hr/>
Analysed as		
- due within one year	11,922	10,695
- due in more than one year	19,934	19,290
	<hr/>	<hr/>
	31,856	29,985
	<hr/>	<hr/>

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2007

11 INVESTMENTS

	2007 £	2006 £
Shares in subsidiary companies cost and carrying value At 1 st February 2005, 1 st February 2006 and 31 st January 2007	2	2

Interests in subsidiaries

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

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

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

12 TRADE AND OTHER RECEIVABLES

	2007 £000	2006 £000
Other debtors	2	5
Prepayments and accrued income	73	71
	<u>75</u>	<u>76</u>

All the above amounts fall due within one year

13 BANK OVERDRAFTS

	2007 £000	2006 £000
Bank overdrafts – due within one year	6,918	5,573

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

14 TRADE AND OTHER PAYABLES

	2007 £000	2006 £000
Trade creditors	142	171
Amounts owed to other group undertakings	20,032	19,991
Other creditors	103	191
	<u>20,277</u>	<u>20,353</u>

Advantage Finance Limited

NOTES TO THE ACCOUNTS **Year ended 31 January 2007**

15 DEFERRED TAX

	Accelerated tax depreciation	Tax Losses	Total
	£000	£000	£000
At 1 February 2005	14	123	137
(Charge) to income	-	(123)	(123)
At 1 February 2006	14	-	14
Credit to income	1	-	1
At 31 January 2007	15	-	15

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

16 CALLED UP SHARE CAPITAL

	2007 £000	2006 £000
Authorised, called up, allotted and fully paid 1,000 Ordinary shares of £1 each	1	1

17 SHAREHOLDERS' FUNDS

	Called Up Share Capital	Profit And Loss Account	Total Equity
	£000	£000	£000
At 1 February 2005	1	2,221	2,222
Profit for year	-	1,566	1,566
Dividends	-	(723)	(723)
At 1 February 2006	1	3,064	3,065
Profit for year	-	1,630	1,630
Dividends	-	(908)	(908)
At 31 January 2007	1	3,786	3,787

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2007

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

	2007 £000	2006 £000
Profit before taxation	2,314	2,237
Tax paid	(701)	(488)
Depreciation on plant, property and equipment	83	90
Loss on disposal of plant, property and equipment	10	6
(Increase) in amounts receivable from customers	(1,871)	(4,612)
Decrease in trade and other receivables	1	21
(Decrease)/Increase in trade and other payables	(76)	17
(Decrease)/Increase in accruals and deferred income	(114)	73
Net cash (ouflow) from operating activities	(354)	(2,656)

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 2007 was £24,729,403 (2006- £22,640,941)

20 RELATED PARTY TRANSACTIONS

The company paid dividends to its parent company S&U plc of £908,000 (2006 £723,000). 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 2007 the company owed £20,032,000 (2006 £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 2007 and 31 January 2006 the company had no capital commitments contracted but not provided for.

Operating lease commitments

At 31 January 2007 and 31 January 2006 the company had annual commitments under non-cancellable other operating leases as set out below:

	2007 £000	2006 £000
Land and buildings		
Leases which expire		
Within two to five years	51	52

Advantage Finance Limited

NOTES TO THE ACCOUNTS

Year ended 31 January 2007

23. PENSION SCHEMES

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

24. FINANCIAL INSTRUMENTS

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

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

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

The average effective interest rate on financial assets of the company was estimated to be 22% (2006 23%)

The average effective interest rate on financial liabilities of the Company at 31 January 2007 was estimated to be 6% (2006 6%)

Derivative Financial Instruments

The company is part of the S&U plc group whose activities expose it to the financial risks of changes in interest rates and the group uses interest rate derivative contracts to hedge these exposures in accordance with disclosures made in the S&U plc accounts

Currency and credit risk

The company has no material exposure to foreign currency risk. Company trade and other receivables and cash are considered to have no material credit risk. The credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 1.4

Interest rate risk

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

Fair values of financial assets and liabilities

The fair values of amounts receivable from customers, bank loans and overdrafts and other assets and liabilities are considered to be not materially different from their book values

Advantage Finance Limited

NOTES TO THE ACCOUNTS **Year ended 31 January 2007**

24 FINANCIAL INSTRUMENTS (CONTINUED)

	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Non interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 January 2007						
Financial assets	11,922	9,154	10,780	-	-	31,856
Other assets	-	-	-	-	310	310
Cash at bank and in hand	-	-	-	-	-	-
Total assets	11,922	9,154	10,780	-	310	32,166
Shareholders' funds	-	-	-	-	(3,787)	(3,787)
Bank overdrafts and loans	(6,918)	-	-	-	-	(6,918)
Other liabilities	-	-	(20,000)	-	(1,461)	(21,461)
Total liabilities and shareholders' funds	(6,918)	-	(20,000)	-	(5,248)	(32,166)
Cumulative gap	5,004	14,158	4,938	4,938	-	-

	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Non interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 January 2006						
Financial assets	10,695	8,981	10,309	-	-	29,985
Other assets	-	-	-	-	320	320
Cash at bank and in hand	-	-	-	-	-	-
Total assets	10,695	8,981	10,309	-	320	30,305
Shareholders' funds	-	-	-	-	(3,065)	(3,065)
Bank overdrafts and loans	(5,573)	-	-	-	-	(5,573)
Other liabilities	-	-	(20,000)	-	(1,667)	(21,667)
Total liabilities and shareholders' funds	(5,573)	-	-	-	(4,732)	(30,305)
Cumulative gap	5,122	14,103	4,412	4,412	-	-