

ADVANTAGE FINANCE LIMITED
(formerly Rutland Directors Limited)

Report and Financial Statements

31 January 2000

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



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Coombs
A M V Coombs
G D C Coombs
R E J Fisher
J G Thompson
M G Sizer
C H Redford

SECRETARY

E D Maiden

REGISTERED OFFICE

Royal House
Princes Gate
Homer Road
Solihull
West Midlands
B91 3QQ

BANKERS

HSBC Bank plc
130 New Street
Birmingham
B2 4JU

SOLICITORS

Edge Ellison
Rutland House
148 Edmund Street
Birmingham
B3 2JR

AUDITORS

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

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 31 January 2000.

CHANGE OF NAME

Prior to the commencement of trading, and on the 14 May 1999, the company changed its name from "Rutland Directors Limited" to "Advantage Finance Limited".

ACTIVITIES

The company's principal activity during the period is the provision of hire purchase car finance.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Advantage started trading from its head quarters in Grimsby on 5th July 1999, providing hire purchase finance for second-hand cars. The loss for the first seven months has been slightly less than budgeted. The company has budgeted to make a meaningful profit in the coming year. The funding required has been established. The provision of motor car hire purchase finance through carefully targeted underwriting gives a growing opportunity for expansion and profit.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the period after taxation are set out in the profit and loss account on page 6. The directors do not propose to pay a final dividend. Retained losses of £149,937 were transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:

Rutland Directors Limited (appointed and resigned 14 May 1999)

D M Coombs (appointed 14 May 1999)

A M V Coombs (appointed 14 May 1999)

G D C Coombs (appointed 14 May 1999)

R E J Fisher (appointed 14 May 1999)

C H Redford (appointed 21 January 2000)

J G Thompson (appointed 14 May 1999)

M G Sizer (appointed 14 May 1999)

Messrs D M Coombs, A M V Coombs, G D Coombs and R E J Fisher are also directors of S & U plc, 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.

YEAR 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

DIRECTORS' REPORT

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 were 32 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 company by its suppliers in the period and the amount due, at the period end, to trade creditors within one year.

AUDITORS

Deloitte & Touche were appointed the company's auditors during the year. 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

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 as at the end of the financial year and of the profit or loss of the company 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



AUDITORS' REPORT TO THE MEMBERS OF

ADVANTAGE FINANCE LIMITED (formerly Rutland Directors Limited)

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 January 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche

Chartered Accountants and Registered Auditors

13 June 2000

PROFIT AND LOSS ACCOUNT

Period from 14 May 1999 (date of incorporation) to 31 January 2000

	Note	2000 £
TURNOVER	2	1,238,617
Cost of sales		(616,764)
Gross profit		<u>621,853</u>
Administrative expenses		(402,137)
Provision for doubtful debt		(282,964)
OPERATING LOSS	4	(63,248)
Net interest payable	5	(90,864)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(154,112)
Tax credit on loss on ordinary activities	6	<u>4,175</u>
RETAINED LOSS FOR THE PERIOD		<u><u>(149,937)</u></u>

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the financial period. Accordingly, no statement of total recognised gains and losses is given.

BALANCE SHEET
31 January 2000

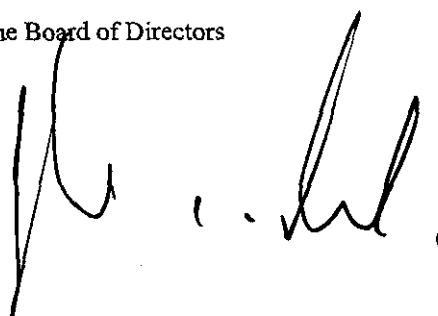
	Note	£	2000 £
FIXED ASSETS			
Tangible assets	7		219,456
CURRENT ASSETS			
Amounts receivable from customers (including £3,788,060 falling due after more than one year)	8	5,224,267	
Debtors	9	12,620	
Cash at bank and in hand		1,300	
		<u>5,238,187</u>	
CREDITORS: amounts falling due within one year	10	<u>(5,606,580)</u>	
NET CURRENT ASSETS			<u>(368,393)</u>
			<u>(148,937)</u>
CAPITAL AND RESERVES			
Called up share capital	11		1,000
Profit and loss account			<u>(149,937)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>(148,937)</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

D M COOMBS

Director



NOTES TO THE ACCOUNTS

Period from 14 May 1999 (date of incorporation) to 31 January 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover is exclusive of value added tax and comprises:

- | | |
|----------------------------|--|
| • Hire purchase agreements | Interest received or receivable. |
| • Insurance | Net commissions received and receivable on premiums paid by customers. |
| • Acceptance fees | Amounts received and receivable |

Tangible fixed assets

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

Leasehold buildings	1% 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

Debtors

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

Deferred taxation

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future without replacement, calculated at the rates at which it is expected that tax will arise.

Pensions

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

Leases

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

NOTES TO THE ACCOUNTS

Period from 14 May 1999 (date of incorporation) to 31 January 2000

2. TURNOVER

Turnover derives from the company's principal activity and arises wholly within the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000
	£
Directors' emoluments	
Remuneration	146,589
Pension contributions	6,924
	<u>153,513</u>
	No
Number of directors who are members of a defined contribution pension scheme	<u>3</u>
	No
Average number of persons employed	
Management and administration	<u>29</u>
	£
Staff costs during the period (including directors)	
Wages and salaries	512,641
Social security costs	47,640
Other pension costs	19,632
	<u>579,913</u>

4. OPERATING LOSS

	2000
	£
Operating loss is after charging:	
Depreciation:	
Owned assets	26,859
Rentals under operating leases:	
Other operating leases	16,338
Auditors' remuneration:	
Audit fees	<u>9,000</u>

5. NET INTEREST PAYABLE

	2000
	£
Bank interest payable	<u>90,864</u>

NOTES TO THE ACCOUNTS

Period from 14 May 1999 (date of incorporation) to 31 January 2000

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000
	£
Group relief	4,175

The total amount of potential deferred tax unprovided at 31 January 2000 was £41,938.

7. TANGIBLE FIXED ASSETS

	Leasehold buildings £	Motor vehicles £	Fixtures, fittings and computers £	Total £
Cost				
At 14 May 1999	-	-	-	-
Additions	5,027	150,397	90,891	246,315
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2000	5,027	150,397	90,891	246,315
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 14 May 1999	-	-	-	-
Charge for the period	519	16,265	10,075	26,859
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2000	519	16,265	10,075	26,859
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 January 2000	4,508	134,132	80,816	219,456
	<hr/>	<hr/>	<hr/>	<hr/>

8. AMOUNTS RECEIVABLE FROM CUSTOMERS

	2000
	£
Gross amounts receivable from customers	5,624,400
Less: Provision for doubtful debt	(400,133)
	<hr/>
	5,224,267
	<hr/>
Amounts receivable falling due after one year included above	3,788,060
	<hr/>
Amounts receivable under finance leases and hire purchase agreements included above	5,161,535
	<hr/>
Cost of assets acquired during the period to be leased Under finance leases or hire purchase agreements	4,275,198
	<hr/>
Rentals received during the period in respect of finance leases and hire purchase agreements	522,546
	<hr/>

NOTES TO THE ACCOUNTS

Period from 14 May 1999 (date of incorporation) to 31 January 2000

9. DEBTORS

	2000 £
Other debtors	945
Prepayments and accrued income	7,500
Group relief receivable	4,175
	<u>12,620</u>

All the above amounts fall due within one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £
Bank overdraft	5,191,165
Trade creditors	162,703
Amounts due to parent company	55,111
Other taxation and social security	4,062
Other creditors	102,162
Accruals and deferred income	91,377
	<u>5,606,580</u>

11. CALLED UP SHARE CAPITAL

	2000 £
Authorised, called up, allotted and fully paid 1,000 Ordinary shares of £1 each	<u>1,000</u>

12. FINANCIAL COMMITMENTS

At 31 January 2000, the company had no capital commitments.

Operating lease commitments

At 31 January 2000, the company was committed to making the following payments during the next year in respect of operating leases on property:

	2000 £
Leases expiring: After 5 years	<u>20,750</u>

13. CONTINGENT LIABILITIES

The company has entered into cross-guarantee arrangements with respect to the bank overdrafts of certain other group companies. The maximum exposure under this arrangement at 31 January 2000 was £3,879,506.

NOTES TO THE ACCOUNTS

Period from 14 May 1999 (date of incorporation) to 31 January 2000

14. PENSION COMMITMENTS

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

15. ULTIMATE PARENT COMPANY

The company is a subsidiary of 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.