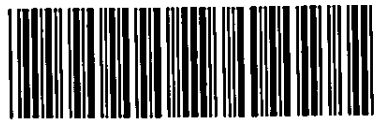


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S & U Annual Report and Accounts for the period ended 31 January 2010

Stock code SUS

Welcome to S&U

Founded in 1938 S&U PLC is the United Kingdom's foremost niche consumer and motor finance provider. We have over 140,000 customers and we provide work for nearly 800 people.

Our aim is to provide Britain's ***"foremost consumer and motor finance service."*** We continually strive to achieve that ideal to the benefit of our customers, our employees and of course our shareholders.

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Financial Highlights

A strong set of results for S&U Plc which have been driven by the incessant focus, dedication and attention to detail of all who work in our Home Credit and Motor Finance businesses.

- Profit before tax up 9.0% at £9.0m (2009: £8.3m)
- Earnings per share up 10.2% at 55.2p (2009: 50.1p)
- Group gearing reduced to 57% (2009: 72%)

	2010 £000	2009 £000
Revenue	45,795	46,182
Operating profit	10,437	10,131
Profit before taxation	9,003	8,263
Earnings per ordinary share	55.2p	50.1p
Dividend per ordinary share Interims paid and final proposed	34.0p	32.0p

Our Businesses

Home Collected Consumer Finance

S&U was founded in Birmingham in 1938 by Clifford Coombs, a charismatic figure from South Wales who had bicycled to the Midlands with just £1 in his pocket. His secret lay in his ability to charm and motivate people, whether they were customers or employees. By 1975, changing customer tastes and sophistication saw S&U transform its goods based credit business into a home based finance and HP operation and consistent with this we now trade as Loansathome4u.

Loansathome4u provide valued home credit facilities to customers via 500 agents across the UK. The emphasis on a personal relationship between customer and agent is as central to Loansathome4u's philosophy today as it was to Clifford Coombs' success.

Motor Finance

Set up in 1999, Advantage has grown to be one of the most progressive and innovative motor finance companies in the country and are proactive members of the Finance and Leasing Association. Advantage employ over 70 people and have provided motor finance for over 35,000 customers across the UK, growing at the rate of 4,000 per year.

Operating within the non-prime market sector, Advantage has built its excellent reputation and track record on quality as opposed to quantity, ensuring that funding is invested wisely through a very experienced management team the majority of whom have been with the company more or less since inception. Low staff turnover and a strong focus on reward and recognition are fundamental to the success of Advantage who have hitherto achieved ten consecutive years of increased profits.

Chairman's Statement

"The Group is well placed to maintain its debt quality and to continue to grow our customer base in a responsible and prudent way."

I am pleased to announce a strong set of results for S&U Plc. Profit before tax for the year is £9.0m (2009 £8.3m), the balance sheet continues to strengthen and current trading and debt quality, in both home credit and motor finance divisions, is promising. Although the macroeconomic and political scene in Britain is clouded with uncertainty, I am confident that our formula of strong dedicated management, a consistent approach to funding and excellent customer relations will continue to produce good results. We have no place for complacency and see both our home credit and motor finance markets as offering significant sustainable growth.

Financial review

Profit before tax rose to £9.0m from £8.3m last year, on revenue for the year of £45.8m (2009 £46.2m). Our performance reflected improving debt quality, rigorous underwriting and tight cost control against a background of customer caution. Sales in both divisions rose in the second half of the year, as home credit enjoyed a strong Christmas, and Advantage significantly increased its market share.

S&U's balance sheet continues to strengthen as both home credit and motor finance businesses generate cash. Year end net borrowings at £26.6m were £4.7m less than a year ago and Group gearing has fallen to 57% from 72% last year. Gearing has fallen for the third consecutive year. Net assets have risen to £46.8m and our current banking facilities give us £9m of headroom for expansion and acquisition. We generated £8.6m (2009 £3.9m) net cash from operating activities this year; particularly pleasing was the fact that, whilst increasing profits, home credit produced net cash of £2.9m, whilst Advantage for the first time generated £1.8m.

Highlights

- Profit before tax £9.0m (2009 £8.3m)
- Group gearing 57% (2009 72%)
- Earnings per share = 55.2p (2009 50.1p)
- Final Dividend increase proposed to an annualised 34p per Ordinary share (2009 32p)
- 2nd Interim Dividend paid of 15p per share
- Good trading prospects

Dividend

The Board is proposing to recommend a final dividend payment of 10p per share. This dividend will be paid on the 4 June 2010 to Ordinary Shareholders on the register on 14 May 2010 subject to shareholder approval at the Annual General Meeting on 21 May 2010.

Taking into account the second interim dividend of 15p paid in March this year, this represents a total dividend in respect of the year of 34p (2009 32p) per Ordinary share. Dividend cover will nevertheless increase slightly at 1.6. This increase reflects both the Company's historical performance and a prudent evaluation of trading prospects.

Operational review

S&U's strength in the consumer credit market is the almost uniquely close relationship we have with our loyal and much valued customers. This enables us to tailor our products to their needs in for what, for many, has been an uncertain and unsettling economic climate. Thus, in both home credit and motor finance we have seen a reduction in loan size and in term which has proved effective in increasing loan quality. In home credit we have introduced a new, shorter-term product, which fits not only our new customers but enables existing ones, whose circumstances may have changed, to continue to trade with us whilst rehabilitating their accounts. The trend toward a shortening of our loan book has not only seen strengthened debt quality, but also an increase in customer numbers of over 3,000 on last year.

A similar trend is evident at Advantage Motor Finance. Whilst average loan size has fallen slightly, new customer numbers are up over 7% on a year ago. The fact that loan applications in the last year grew by over 12% demonstrates how tighter underwriting standards have driven new customer debt quality.

Irrespective of the speed of economic recovery and the inevitable fluctuations in the labour market this will bring, the Group is well-placed to maintain its debt quality and to continue to grow our customer base in a responsible and prudent way.

Operating results

	Year ended 31 January 2010 £m	Year ended 31 January 2009 £m
Revenue	45.8	46.2
Cost of sales	(16.0)	(16.2)
Gross profit	29.8	30.0
Administrative expenses	(19.3)	(19.6)
Exceptional remuneration	–	(0.3)
Operating profit	10.4	10.1
Finance costs (net)	(1.4)	(1.8)
Profit before taxation	9.0	8.3

Home credit

- Increased and high levels of profitability
- An additional 3,000 (2009: 2,000) customers this year
- Strengthened loan quality
- Increasing cash generated year on year
- Opening of four new branches
- Selective acquisition programme underway

Profit before tax for the division increased by 12% to £5.9m (2009: £5.3m) on revenues of £31.6m (2009: £32.0m). My earlier comments on our customers' needs in the current economic environment, and the way in which we adapt to them, explain only in part this strong performance in our home credit division. Whilst a shortened and tightly controlled loan book has led to greater profitability on similar revenue but more customers, the success of such a business model depends upon the commitment, attention to detail and constant performance monitoring upon which good customer service depends.

Examples throughout the year abound, but the performance of staff during the very severe weather in January was exceptional. Not only did Representatives and Managers literally walk through the snow to ensure their service to customers was uninterrupted but one

administrator insisted on walking five miles each way to her branch when public transport failed and roads were blocked! The quantities of midnight oil burned and grit and determination shown exemplify the excellent spirit pervading S&U and should not go unrecognised.

More measurable are other improvements made throughout the year. All our customer facing literature in our trading Company loansathome4u has been redesigned and updated and customer communications more tightly focused. Our strategy of becoming closer to our customers has led to the opening of a further four branches (Leeds, Kilmarnock, Deeside, Stockton), following the five opened last year and more are planned.

A new, externally sourced, management training programme has been put in place which will not only improve confidence, organisational and motivational skills but also increase the number of management roles we fill from within the Company. Nevertheless we continue to recruit from competitors, some of whom have recently announced rationalisation and downsizing.

Some of this has occurred in Yorkshire, where better management and tighter debt and cost control have seen a turnaround in profitability.

Whilst extending our present range, by the introduction of a shorter-term loan product, loansathome4u has not increased prices. Not only does this strengthen our relations with existing customers but leaves us well placed to continue recruiting new ones. In particular, our acquisitions in both the North East and on the South coast have benefited from this approach and settled in well. We search for more as the market consolidates particularly amongst medium sized lenders.

Such an approach can only be beneficial in our relationships with regulators, which are very good. Indeed, it is my impression that Home Credit's reputation amongst the more knowledgeable civil service and academic community is gaining ground as the industry's values of flexibility, convenience, restraints on lending and good customer relations come to the fore and available credit elsewhere declines.

“As befits any serious lender with a stable loan book, S&U is generating cash and reducing its borrowings.”

Chairman's Statement continued

Motor finance

- Record profits of £3.1m for the 10th successive year
- Strongly cash generative for the first time
- Stable improvement and good collections quality
- Record application numbers and new customer quality
- Current trading very promising

Advantage, our motor finance subsidiary based in Grimsby, this year celebrated its 10th anniversary with record profits of £3.1m underpinned by strong collecting and an increasing share of the sub-prime and, increasingly, the non-prime market.

Restrictions on the supply of new vehicles saw an improvement in used car values this year. This was accompanied by restrictions on transactions amongst Advantage's competitors, including BCT and Funding Corporation.

Advantage benefited from this, particularly in the second half, achieving strong sales to reverse the slight fall in revenues experienced in the first. Thus, at year end, customer applications finished 12% up on 2009, whilst transaction numbers in the final two months were a record. Advantage is recruiting more of its traditional good quality sub-prime customers whilst introducing new products which have attracted "trickle down" customers denied finance in the non-prime sector. This has meant that not only have margins been maintained and product add-ons been protected, but that new customer collections experience has been good too. Another excellent performance from a very impressive team.

We continue to run off our small second mortgage book at Communitas Finance in a satisfactory manner. Outstanding book debt has reduced from £1.5m to £0.9m. Communitas's bank loan has been repaid and a loss of £233,000 recognised this year, which will minimise the Group's further exposure to this business.

Funding

- Gearing reduced to 57% (2009 72%)
- Net cash inflow from Operating Activities of £8.6m (2009 £3.9m)
- Net borrowing reduction of £4.7m
- Significant headroom for acquisition/expansion

As befits any serious lender with a stable loan book, S&U is generating cash and reducing its borrowings. We have excellent long-term relationships with our funders and total bank facilities of £36m to cover £27m of current borrowings. Nevertheless the continuing travails of the banking sector and possible requirement for acquisitions and organic growth, make our increasing banking headroom sensible and prudent. We will continue in this disciplined vein.

Current trading and outlook

S&U's ability to adapt to, and indeed prosper in, what have been the worst economic conditions for 30 years is not merely a matter of happenstance. It depends upon the enduring relationships with home credit and motor finance customers fostered by our representatives, collectors and brokers, continually monitored and refined by our management teams. Whilst the political climate may be changeable, regulatory conditions have become more benign as the importance of maintaining an appropriate and responsible supply of credit to every customer is increasingly appreciated in Government circles. For instance, home credit has probably the highest independently assessed customer satisfaction measures in the consumer credit industry and with good reason.

Nevertheless, strong performance doesn't just happen, it depends upon the focus, dedication and attention to detail of all who work in our home credit and motor finance businesses. I thank them for their efforts.

These are already reaping the reward in our current trading. With their support, and that of our Board, we aim to continue to provide Britain's best home credit and motor finance service for our customers, and to build S&U for the benefit of every shareholder.



Anthony Coombs
Chairman
24 March 2010

Directors' Report

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

Principal activities

The principal activity of the S&U Plc Group (the "Group") continues to be that of consumer credit and car finance throughout England, Wales and Scotland. The principal activity of S&U Plc Company (the "Company") continues to be that of consumer credit.

Business review, results and dividends

A review of developments during the year together with key performance indicators and future prospects is given in the Chairman's Statement on page 2. There were no significant events after the balance sheet date.

The Group's profit on ordinary activities after taxation was £6,481,000 (2009: £5,875,000). Dividends of £3,768,000 (2009: £3,768,000) were paid during the year.

After the year end a second interim dividend for 2009/10 of 15 Op per ordinary share (2009: nil) was paid to shareholders on 19 March 2010.

The directors now recommend a final dividend, subject to shareholders' approval of 10 Op per share (2009: 23 Op). This, together with the interim dividends of 24 Op per share (2009: 9 Op) already paid, makes a total dividend for the year of 34 Op per share (2009: 32 Op).

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 ordinary shares of the Company are set out below.

	At 31 January 2010	At 31 January 2009
A M V Coombs	546,330	546,330
G D C Coombs	567,970	567,970
M F Hepplewhite	20,000	17,000
K R Smith	25,000	25,000
D Markou	4,500	2,000
F Coombs	33,550	33,550
J G Thompson	–	–
M J Mullins	–	–
C H Redford	–	–

9,500 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 2010 and 24 March 2010.

In addition, 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 2010 (2009: 298,048). During the year the Company obtained supplies at market rates amounting to £7,025 (2009: £20,452) from Grevayne Properties Limited. The amount due to Grevayne Properties Limited at the year end was £7,025 (2009: £nil).

The directors had no interests in the Company's preference shares or in the shares of its subsidiaries.

In accordance with the Company's Articles of Association Messrs G D C Coombs, C H Redford and F Coombs being eligible, offer themselves for re-election.

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

Directors' Report

Auditors

Each of the persons who is a director at the date of approval of the annual report confirms that, so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Substantial shareholdings

At 24 March 2010, 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
D M Coombs	2,856,928	24.3%
Wiseheights Limited	2,420,000	20.6%
C K Coombs	1,846,129	15.7%

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 their 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. Newsletters are sent out to each employee at least twice per year to keep employees informed of the progress of the business as well as regular memos to the branches in respect of new initiatives.

Principal risks and uncertainties

The Group is involved in the provision of consumer credit and a key risk for the Group is the credit risk inherent in amounts receivable from customers which is principally controlled through our credit control policies supported by ongoing reviews for impairment. The Group is also subject to legislative and regulatory change within the consumer credit sector. The Group's activities expose it to the financial risks of changes in interest rates and the Group uses interest rate derivative contracts to hedge these exposures in bank borrowings. More detail of the Group's financial risk management policies is included in note 22.

Statement of going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. The Group's objectives, policies and processes for managing its capital are described in the notes to the financial statements. Details of the Group's financial risk management objectives, its financial instruments and hedging activities, and its exposures to credit risk, market risk and liquidity risk are also set out in the notes to the financial statements. The directors believe that the Group is well placed and has sufficient financial resources to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Environment

The Group recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the Group's activities

Political and charitable contributions

During the year the Company and the Group made contributions to a number of local charities of £8,587 (2009 £4,113)
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 2010 were 45 days (2009 40 days), and trade creditor days for the Company were 40 days (2009 44 days), calculated in accordance with the requirements set down in the Companies Act 2006. This represents the ratio, expressed in days, between the amounts invoiced to the Group and the Company by their suppliers in the year and the amount due, at the year end, to trade creditors within one year.

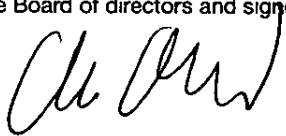
Auditors

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

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

C Redford
Secretary

24 March 2010



Officers and Professional Advisers

Directors

A M V Coombs MA (Oxon)	(Chairman)
G D C Coombs MA (Oxon) MSc (Lon)	(Deputy Chairman)
C Redford ACA	(Finance Director)
J G Thompson	
M Mullins	
M F Hepplewhite LLB (Hons) FCA	(Non-executive)
D Markou MBE FCA	(Non-executive)
K R Smith	(Non-executive)
F Coombs BA (Lon) MSc (Lon)	(Non-executive)

Secretary

C Redford ACA

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Prince's Gate
Homer Road
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Registrars

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The Registry
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Beckenham
Kent BR3 4TU
Tel 0208 639 3039

Bankers

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130 New Street
Birmingham B2 4JU

Media and Investor Relations

Smithfield Financial Ltd
10 Aldersgate Street,
London EC1A 4HJ

Royal Bank of Scotland
5th Floor
2 Saint Phillips Place
Birmingham B3 2RB

Solicitors

DLA
Victoria Square
Birmingham B2 4DL

Stockbrokers

Charles Stanley
25 Luke Street
London EC2A 4AR

Auditors

Deloitte LLP
Chartered Accountants
and Statutory Auditors
Birmingham

Directors' Biographies

Anthony Coombs MA (Oxon) (Aged 57) (Chairman) (Nominations Committee)	Joined S&U in 1975 and was appointed Managing Director in 1999 and was then appointed Chairman in 2008. Between 1987 and 1997 served as a Member of Parliament and was a member of the Government. Serves on the Executive of the Consumer Credit Association and chairs its Public Relations Committee and is a director of a number of companies and charities including chairing the trustees of the National Institute for Conductive Education.
Graham Coombs MA (Oxon) MSc (Lon) (Aged 57) (Deputy Chairman)	Joined S&U Plc after graduating from London Business School in 1976. He is responsible for the subsidiary, S D Taylor Limited and for property matters. He was appointed Deputy Chairman in 2008.
Chrs Redford ACA (Aged 45) (Group Finance Director)	A Chartered accountant with over ten years business experience in the Fast Moving Consumer Goods, food and travel sectors prior to his appointment as Finance Director of Advantage Finance in 1999. Following a successful start up period for Advantage he was appointed as Group Finance Director with effect from 1 March 2004.
Guy Thompson (Aged 54)	Guy joined the Group in 1999 as Managing Director of Advantage Finance and has overseen an excellent performance in their first ten years. Guy has a strong track record in the finance and motor sectors and since his appointment brings these skills to the Board of S&U Plc.
Mike Mullins (Aged 52)	Mike joined S&U in 1997 and started out as an agent in the then Newton Abbot branch covering Torbay, after nine months taking over as branch manager of the same branch. He then moved through different ranks of management and in September 2009 assumed overall control of our Group home credit operations.
Mark Hepplewhite LLB (Hons) FCA (Aged 49) (Non-executive) (Nominations, Audit and Remuneration Committees)	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 MBE FCA (Aged 66) (Non-executive) (Nominations, Audit and Remuneration Committees)	A Chartered Accountant with over 35 years experience in public practice in Birmingham and director of many private companies. He has extensive commercial and political experience.
Keith Smith (Aged 71) (Non-executive) (Nominations, Audit and Remuneration Committees)	A former member of The Stock Exchange and a principal in stockbroking firms for more than 30 years. He has been a director of a number of public and private companies.
Fiann Coombs BA (Lon) MSc (Lon) (Aged 41) (Non-executive)	An economic analyst. He has conducted a six-months' review of the Company's operations.

Report of the Board to the Shareholders on Remuneration Policy

Introduction

This report has been prepared in accordance with Schedule 8 of the Accounting Regulations under the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the board has applied the Principles of Good Governance relating to directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Regulations require the auditors to report to the Company's members on the "auditable part" of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Accounting Regulations. The report has therefore been divided into separate sections for audited and unaudited information.

UNAUDITED INFORMATION

Remuneration committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The members of the committee are Mr M Hepplewhite, Mr D Markou, and Mr K Smith, who are all independent non-executive directors. The committee is chaired by Mr K Smith.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interest arising from cross-directorship or day-to-day involvement in running the business. The committee makes recommendations to the board. No director plays a part in any discussions about their own remuneration.

Remuneration Policy

The performance measurement of the executive directors and key members of senior management and the determination of their annual remuneration package are undertaken by the Committee and is assessed annually for the following financial period. The remuneration of the non-executive directors is determined by the board within limits set out in the Articles of Association.

There are four main elements of the remuneration package for executive directors and senior management:

- Basic annual salary (including directors fees),
- Taxable benefits in kind in the main include company car plus related expenses and medical insurance,
- Performance related bonus payments incorporating longer-term share option incentives, and
- Pension arrangements

The Remuneration Committee believe that it is important to offer long-term incentives to executive directors, and have considered a number of proposals regarding long-term incentive plans during the past 12 months. The Committee has decided to introduce a new long-term incentive plan (the "LTIP"). The LTIP will allow for the grant of awards in the form of nil-priced or nominal-priced share options over shares worth up to a maximum of 50% of salary in any year. The participants will not be entitled to exercise their options for a period determined by the Committee which is generally no earlier than three years from the date of award. The vesting of awards at the end of the performance period will be subject to the relevant participant remaining in employment and the achievement of specified stretching performance conditions based on EPS and share price performance. The proposed new plan offers greater flexibility than the existing S&U Plc 2008 Discretionary Share Option Plan ("DSOP"). The two schemes will be run in parallel for the benefit of the directors and senior employees. However, there would be an annual maximum level which would restrict the total number of awards that could be made under both the DSOP and proposed new LTIP in any one year to 100% of salary. In exceptional circumstances, (including, but without limitation, in the year of recruitment) this annual limit may be increased to 150% of annual salary in the absolute discretion of the Committee. Full details of the proposed new LTIP, are contained in the Chairman's letter to shareholders accompanying this Report and shareholders will be invited to approve the new scheme at the forthcoming Annual General Meeting.

The Remuneration Committee believe that it is important to offer long-term incentives to executive directors, and have considered a number of proposals regarding long-term incentive plans during the past 12 months. The Committee has resolved that, as a first step to establishing a long-term incentive plan, to recommend the adoption of an Unapproved Option Scheme, full details of which are set out in the enclosed circular. This scheme offers greater flexibility than the existing Approved Option Scheme, and the two schemes will be run in parallel for the benefit of the directors, senior employees and shareholders.

Basic salary

An executive director's basic salary is determined by the Committee prior to the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and comparable positions in the financial sector. Executive director's contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting ("AGM").

Annual bonus payments

The Committee establishes the objectives that must be met for each financial year if a bonus in cash or in share options is to be awarded. In setting appropriate bonus parameters the Committee considers the Group's pre tax profit performance for the year and the appropriate percentage of basic salary to be awarded for each executive. The Committee believes that any incentive compensation awarded should be tied to the interests of the Company's shareholders and that the principle measure of those interests is in total shareholder return. The strategic objectives, control system and indicators are also aligned to total shareholder return. The executive directors were not awarded bonuses in 2009 with the exception of a £15,000 bonus paid to Mr J G Thompson and a £5,000 bonus paid to Mr C H Redford. The bonuses payable to executive directors in respect of the year ended January 2010 total £108,000 as shown in the table of directors' emoluments below.

Pension arrangements

The Company makes contributions to a defined contribution pension scheme in respect of A M V Coombs, G D C Coombs, J G Thompson, M Mullins and C H Redford. None of the directors has accrued benefits under the defined benefit scheme.

Performance graph

The following graph shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE Speciality and Other Financial Services Index also measured by total shareholder return. The performance has also been benchmarked against Provident Financial, a leading competitor. These comparators have been selected since they illustrate S&U's relative performance within their sector.

5 Year Return Index for FTSE Speciality and other Financial Services Sector at 31 January 2010

Report of the Board to the Shareholders on Remuneration Policy continued

Directors' contracts

It is the Company's policy that executive directors should have contracts with an indefinite term providing for a maximum of one year's notice

A M V Coombs and G D C Coombs have rolling 12 month contracts. In the event of early termination, the directors' contracts provide for compensation up to a maximum of basic salary for the notice period

Non-executive directors

It is Company policy that non-executive directors are not granted service contracts. All non-executive directors have specific terms of engagement and their remuneration is determined by the board based on independent surveys of fees paid to non-executive directors of similar companies. The basic fee paid to each non-executive director in the year was £22,500. Non executives are not eligible to join the Company's pension scheme

AUDITED INFORMATION

Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows

	2010 £000	2009 £000
Emoluments	1,123	1,004
Money purchase pension contributions	113	104
	1,236	1,108

Directors' emoluments

	Fees £000	Salaries £000	Bonus £000	Benefits in kind £000	Total 2010 £000	Total 2009 £000
Executive directors						
A M V Coombs	22	218	20	36	296	257
G D C Coombs	22	196	20	3	241	207
C H Redford	22	88	10	18	138	128
J G Thompson	22	138	45	24	229	191
M Mullins (appointed 5 9 08)	22	97	13		132	49
DM Coombs (retired 16 5 08)					0	85
Non-executive directors						
M F Hepplewhite	22				22	22
D Markou	21				21	21
K R Smith	22				22	22
F Coombs	22				22	22
	197	737	108	81	1,123	1,004

Directors' pension entitlements

Five directors are members of money purchase schemes (2009 five). Total contributions paid by the Company in respect of such directors are shown on the previous page

Share option scheme

Further to shareholder approval at the AGM in May 2008, the Company has introduced the S&U Plc 2008 Discretionary Share Option Plan. Under the plan, annual awards of share options may be granted with an exercise price equal to the market value of the shares at the date of grant. The Plan allows for the grant of options over shares worth up to a maximum of twenty-five (25)% of salary in any year (although grants under the UK Approved Addendum will be subject to the relevant statutory limit of £30,000). In exceptional circumstances the Board may, at its discretion, grant higher awards of up to fifty (50)% of base salary. It is expected that options will be granted on an annual basis but will only be granted if performance conditions based on the Company's and individual performance have been satisfied. The performance conditions that will apply to the grant of options are determined by the Company on an annual basis and will be regularly reviewed to determine whether they are appropriate for the Company. The participants will not be entitled to exercise their options for a period determined by the Committee which is generally no earlier than three years from the date of award. The vesting of awards at the end of the three year period will not be subject to further performance conditions but will be subject to the relevant participant remaining in employment.

Awards held under the S&U Plc 2008 Discretionary Share Option Plan are as follows

	Date of Grant	Awards Number of share options held at 31 1 2010	Exercise price	Earliest vesting date	Expiry date
C H Redford	17 6 2008	4,000	382 5p	17 6 2011	17 6 2018
	26 5 2009	1,000	397 5p	26 5 2012	26 5 2019
J G Thompson	17 6 2008	6,000	382 5p	17 6 2011	17 6 2018
	26 5 2009	1,500	397 5p	26 5 2012	26 5 2019
M Mullins	26 5 2009	2,000	397 5p	26 5 2012	26 5 2019
		14,500			

Approval

This report was approved by the Board of directors on 24 March 2010 and signed on its behalf by

Keith Smith

Chairman of the Remuneration Committee

Corporate Governance

In July 2003 the FRC Combined Code (the "Code") was issued by the London Stock Exchange and was updated in June 2008. The Code sets out Provisions for Good Corporate Governance along with a series of supporting principles. Section 1 of the Code is applicable to listed companies.

A narrative statement on how the Company has applied the provisions 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 Code Provisions, which are split into three areas in this report, "Directors", "Relations with Shareholders" and "Accountability and Audit". The current position of the Company in each area is described below.

Directors

During the period under review, the Company was controlled through the Board of directors which comprised five executive and four non-executive directors. 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. He is also responsible for co-ordinating the Company's business and implementing Group strategy. The Chairman and Deputy Chairman 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 the 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 considers the performance of the directors and committees on an ongoing basis, and the contributions of individuals to their roles.

The Board has established a Nominations Committee, an Audit Committee and a Remuneration Committee. Each committee operates within defined terms of reference. 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. Terms of reference for the committees are available from S&U Plc head office.

Mr K R Smith, Mr M F Hepplewhite and Mr D Markou have served as non executive directors on the Board for over nine years. Notwithstanding this length of service the Board considers them to be independent owing to their robust judgement and character. In addition their financial, business and stock market training and experience are considered invaluable to the Board at this stage of the Group's development. The Board has designated Mr K R Smith as senior independent director. The Board has considered the balance between the independent and non-independent directors and considers it to be satisfactory. The Board has and will consider the composition of committees on an ongoing basis. The Nominations Committee is composed of Mr K R Smith who also chairs this committee, together with the other two independent non-executive directors and Mr A M V Coombs. The Audit Committee is composed of the three independent non-executive directors. The Remuneration Committee is composed of the same three independent non-executive directors. Chairmen of these committees are appointed from among the members. The Chairman of the Audit Committee is Mr M F Hepplewhite and the Chairman of the Remuneration Committee is Mr K R Smith.

The work of the nominations committee is to regularly review the size, structure and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary, including the process and advertising in respect of Board appointments. Terms of reference for the Nomination Committee are available on our website www.supic.co.uk.

After 11 years of distinguished service as a non-executive director of the Company, Mr M F Hepplewhite has decided to step down from the Board and not to seek reelection as a director. Mr G D C Coombs, Mr C H Redford and Mr F Coombs are proposed for re-election at the next annual general meeting. Mr F Coombs is a non-executive director and the Chairman has determined Mr F Coombs' performance to be both effective and committed.

Meeting attendance	Board	Nominations	Remuneration	Audit
Number of meetings	5	2	4	3
A M V Coombs	5	2	na	na
G D C Coombs	5	na	na	na
M F Hepplewhite	5	2	4	3
K R Smith	5	2	4	3
D Markou	5	2	4	3
F Coombs	5	na	na	na
J G Thompson	4	na	na	na
M Mullins	5	na	na	na
C H Redford	5	na	na	na

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 20 working days' notice of the Annual General Meeting at which all directors are introduced and are 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 and the members of the Board obtain regular feedback from major shareholders and discuss this at Board meetings.

Accountability and Audit

Financial Reporting

Reviews of the performance and financial position of the Group are included in the Chairman's Report. The Board uses this, together with the Chairman's Statement and the Directors' Report within pages 5 to 7, 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 17 and those of the auditors on page 18.

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.

The review of the Group's internal control system is ongoing. 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 does not consider there is a need for a formal independent internal audit function due to the size of the Group.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. The process has been in place for the year under review and up to the date of approval of the report and financial statements. The process is regularly reviewed by the Board and accords with the revised guidance in the Combined Code.

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 the 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.

Corporate Governance continued

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.

Relationship with Auditors

The Audit Committee 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 in order that the Committee can review the external audit process and results. The Committee oversees the monitoring of the adequacy of the Group's internal controls and whistleblowing procedures, accounting policies and financial reporting and provides a forum through which the Group's external auditors report to the non-executive directors. The Committee assists the Board in discharging its duties to ensure the financial statements meet legal requirements, and also reviews the independence of the external auditors. Independence of the external auditors has been assessed through examination of the nature and value of non-audit services performed during the year.

Compliance statement

Throughout the year ended 31 January 2010 the Company has been in compliance with the Code Provisions set out in Section 1 of the June 2008 FRC Combined Code on Corporate Governance except for the following matters:

Section A 2 of the Code requires that the roles of Chairman and Chief Executive should not be exercised by the same individual and that a Chief Executive should not go on to be Chairman of the same Company. In May 2008, Mr A M V Coombs previously Chief Executive of the Company was appointed Chairman upon the retirement of Mr D M Coombs. After careful consideration of this option and other options for this appointment and after consultation with the major shareholders, the Nomination Committee and the Board considered that this appointment was the best option given the size, nature and structure of the Company.

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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent Company financial statements under IFRSs as adopted by the EU. Under Company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

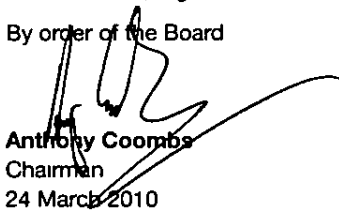
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

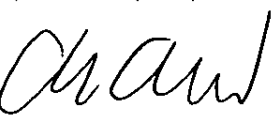
Responsibility statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board


Anthony Coombs
Chairman
24 March 2010


Chris Redford
Group Finance Director
24 March 2010

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 2010 which comprise the Group Income Statement and the Group and Company Statements of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 January 2010 and of the Group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

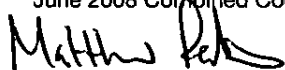
We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review

- the directors' statement contained within the directors report on page 6 in relation to going concern, and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review



Matthew Perkins (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham, United Kingdom
24 March 2010

Group Income Statement

Year ended 31 January 2010

	Note	2010 £000	2009 £000
Revenue	3	45,795	46,182
Cost of sales	4	(16,030)	(16,166)
Gross profit		29,765	30,016
Administrative expenses		(19,328)	(19,585)
Exceptional remuneration	5	–	(300)
Operating profit	6	10,437	10,131
Finance costs (net)	7	(1,434)	(1,868)
Profit before taxation	2	9,003	8,263
Taxation	8	(2,522)	(2,388)
Profit for the year		6,481	5,875
Earnings per share basic and diluted	11	55 2p	50 1p

All activities derive from continuing operations

Statement of Comprehensive Income

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Profit for the year	6,481	5,875	4,150	14,507
Gain/(loss) on cash flow hedge	488	(814)	488	(814)
Actuarial loss on defined benefit pension scheme	(28)	(24)	(28)	(24)
Credit for cost of future share based payments	2	2	2	2
Tax (charge)/credit on items taken directly to equity	(137)	228	(137)	228
Total Comprehensive Income for the year	6,806	5,267	4,475	13,899

Balance Sheet

31 January 2010

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Assets					
Non-current assets					
Property, plant and equipment	12	1,545	1,889	839	1,135
Investments	13	–	–	2,432	2,432
Amounts receivable from customers	14	25,475	26,413	151	132
Retirement benefit asset	26	15	35	15	35
Deferred tax assets	19	128	168	152	193
		27,163	28,505	3,589	3,927
Current assets					
Inventories	15	136	96	136	96
Amounts receivable from customers	14	50,961	51,039	19,599	19,866
Trade and other receivables	16	567	408	31,320	24,474
Cash and cash equivalents		1,391	12	3,806	7,143
		53,055	51,555	54,861	51,579
Total assets		80,218	80,060	58,450	55,506
Liabilities					
Current liabilities					
Bank overdrafts and loans	17	(12)	(15,330)	(1)	(10,000)
Trade and other payables	18	(1,889)	(1,426)	(1,372)	(950)
Current tax liabilities		(1,555)	(1,393)	(534)	(410)
Accruals and deferred income		(1,055)	(828)	(282)	(178)
Derivative financial instruments	22	(437)	(530)	(437)	(530)
		(4,948)	(19,507)	(2,626)	(12,068)
Non-current liabilities					
Bank loans	17	(28,000)	(16,000)	(28,000)	(16,000)
Financial liabilities	21	(450)	(450)	(450)	(450)
Derivative financial instruments	22	–	(321)	–	(321)
		(28,450)	(16,771)	(28,450)	(16,771)
Total liabilities		(33,398)	(36,278)	(31,076)	(28,839)
Net assets		46,820	43,782	27,374	26,667
Equity					
Called up share capital	20	1,667	1,667	1,667	1,667
Share premium account		2,136	2,136	2,136	2,136
Profit and loss account		43,017	39,979	23,571	22,864
Total equity		46,820	43,782	27,374	26,667

These financial statements were approved by the Board of directors on 24 March 2010

Signed on behalf of the Board of directors

A M V Coombs

G D C Coombs

Statement of Changes in Equity

Year ended 31 January 2010

Group	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 February 2008	1,667	2,136	38,480	42,283
Profit for year	–	–	5,875	5,875
Other comprehensive income for year	–	–	(608)	(608)
Total comprehensive income for year	–	–	5,267	5,267
Dividends	–	–	(3,768)	(3,768)
At 31 January 2009	1,667	2,136	39,979	43,782
Profit for year	–	–	6,481	6,481
Other comprehensive income for year	–	–	325	325
Total comprehensive income for year	–	–	6,806	6,806
Dividends	–	–	(3,768)	(3,768)
At 31 January 2010	1,667	2,136	43,017	46,820

Company	£000	£000	£000	£000
At 1 February 2008	1,667	2,136	12,733	16,536
Profit for year	–	–	14,507	14,507
Other comprehensive income for year	–	–	(608)	(608)
Total comprehensive income for year	–	–	13,899	13,899
Dividends	–	–	(3,768)	(3,768)
At 31 January 2009	1,667	2,136	22,864	26,667
Profit for year	–	–	4,150	4,150
Other comprehensive income for year	–	–	325	325
Total comprehensive income for year	–	–	4,475	4,475
Dividends	–	–	(3,768)	(3,768)
At 31 January 2010	1,667	2,136	23,571	27,374

Cash Flow Statement

Year ended 31 January 2010

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Net cash from operating activities	23	8,569	3,864	(1,598)	5,004
Cash flows (used in)/from investing activities					
Proceeds on disposal of property, plant and equipment		376	1,477	353	498
Purchases of property, plant and equipment		(480)	(1,619)	(324)	(1,165)
Net cash (used in)/from investing activities		(104)	(142)	29	(667)
Cash flows (used in)/from financing activities					
Dividends paid		(3,768)	(3,768)	(3,768)	(3,768)
Issue of new borrowings		12,000	16,000	12,000	16,000
Repayment of borrowings		(11,203)	(10,397)	(10,000)	(10,000)
Net (decrease)/increase in overdraft		(4,115)	(5,556)	–	–
Net cash (used in)/from financing activities		(7,086)	(3,721)	(1,768)	2,232
Net increase/(decrease) in cash and cash equivalents		1,379	1	(3,337)	6,569
Cash and cash equivalents at the beginning of period		12	11	7,143	574
Cash and cash equivalents at the end of period		1,391	12	3,806	7,143
Cash and cash equivalents comprise					
Cash and cash in bank		1,391	12	3,806	7,143

There are no cash and cash equivalent balances which are not available for use by either the Group or the Company (2009 £nil)

Notes to the Accounts

Year ended 31 January 2010

1. Accounting policies

1.1 General information

S&U Plc is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 8 which is also the Group's principal business address. All operations are situated in the United Kingdom.

1.2 Basis of preparation

As a listed Company we are required to prepare our consolidated financial statements in accordance with international financial reporting standards (IFRS) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. We have also prepared our S&U Plc Company financial statements in accordance with IFRS 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 consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the year ended 31 January 2010. As discussed in the directors' report, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

In the current year and in accordance with IFRS requirements, certain new and revised Standards and Interpretations have been adopted but these have had no significant effect on the amounts reported in these financial statements. At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 1 (amended)/IAS 27 (amended)	<i>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
IFRS 3 (revised 2008)	<i>Business Combinations</i>
IFRS 9	<i>Financial Instruments</i>
IAS 24 (revised Nov. 2009)	<i>Related Party Disclosures</i>
IAS 27 (revised 2008)	<i>Consolidated and Separate Financial Statements</i>
IAS 28 (revised 2008)	<i>Investments in Associates</i>
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>
Improvements to IFRSs (April 2009)	

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Under IAS 1 (revised) the Group has adopted a Statement of Comprehensive Income to replace the Statement of Recognised Income and Expense. The directors have decided not to disclose a January 2008 balance sheet and related notes as there are no changes resulting from this IAS 1 accounting policy change. The January 2008 balance sheet and related notes are available on our website www.suplc.co.uk.

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.

1 Accounting policies continued

Commission received from third party insurers for brokering the sale of insurance products, for which the Group does not bear any underlying insurance risk is recognised and credited to the income statement when the brokerage service has been provided

Sales of goods are recognised in the income statement when the product has been supplied

1.4 Amounts receivable from customers

All customer receivables are initially recognised at the amount loaned to the customer plus direct transaction costs. After initial recognition the amounts receivable from customers are subsequently measured at amortised cost.

The directors assess on an ongoing basis whether there is objective evidence that a loan asset or group of loan assets is impaired and requires a deduction for impairment. A loan asset or a group of loan assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan. Objective evidence may include evidence that a borrower or group of borrowers is experiencing financial difficulty, default or delinquency in repayments. Impairment is then calculated by estimating the future cash flows for such impaired loans, discounting the flows to a present value using the original EIR and comparing this figure with the balance sheet carrying value. All such impairments are charged to the income statement.

Key assumptions in ascertaining whether a loan asset or group of loan assets is impaired include information regarding the probability of any account going into default and information regarding the likely eventual loss including recoveries. These assumptions and assumptions for estimating future cash flows are based upon observed historical data and updated as management considers appropriate to reflect current and future conditions. All assumptions are reviewed regularly to take account of differences between previously estimated cash flows on impaired debt and the eventual losses.

1.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Certain freehold property is held at previous revalued amounts less accumulated depreciation as the Group has elected to use these amounts as the deemed cost as at the date of transition to IFRS under the transitional arrangements of IFRS 1.

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
Computers	20% per annum straight-line
Fixtures and Fittings	10% per annum straight-line or 20% per annum reducing balance
Motor Vehicles	25% per annum reducing balance

Freehold Land is not depreciated

1.6 Inventories

Inventories are stated at the lower of cost or net realisable value

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 or substantively 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.

Notes to the Accounts continued

Year ended 31 January 2010

1.8 Preference shares

The issued 31.5% preference share capital is carried in the balance sheet at amortised cost and shown as a financial liability. The issued 6% preference share capital is valued at par and shown as called up share capital.

1.9 Pensions

The Group contributes to a defined benefit pension scheme. The defined benefit pension liability at the balance sheet date is calculated as the present value of the defined benefit obligation less the fair value of the plan assets. Actuarial gains and losses are recognised immediately in the financial statements.

The Group also operates several defined contribution pension schemes and the pension charge represents the amount payable by the Company for the financial period.

1.10 Share-based payments

The Company issues share-based payments under the S&U Plc 2008 Discretionary Share Option Plan and the cost of these share-based payments is based on the fair value of options granted as required by IFRS 2. This cost is then charged to the income statement over the three year vesting period of the related share options with a corresponding credit to reserves. When any share options are exercised, the proceeds received are credited to share capital and share premium.

1.11 Leases

Rental costs under operating leases are charged to the income statement on a straight-line basis.

1.12 Investments

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

1.13 Derivative financial instruments

The Group's activities expose it to the financial risks of changes in interest rates and the Group uses interest rate derivative contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of directors which provides written principles on the use of financial derivatives.

Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are directly recognised in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or liability then at the time the asset or liability is recognised the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur the net cumulative gain or loss is recognised in equity is transferred to net profit or loss for the period.

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

2 Segmental analysis

Analyses by class of business of revenue and profit before taxation are stated below

Class of business	Revenue		Profit before taxation	
	Year ended	Year ended	Year ended	Year ended
	31 January	31 January	31 January	31 January
	2010	2009	2010	2009
	£000	£000	£000	£000
Consumer credit, rentals and other retail trading	31,600	32,007	5,876	5,251
Car finance	14,195	14,175	3,127	3,012
	45,795	46,182	9,003	8,263

Analyses by class of business of assets and liabilities are stated below

Class of business	Assets		Liabilities	
	Year ended	Year ended	Year ended	Year ended
	31 January	31 January	31 January	31 January
	2010	2009	2010	2009
	£000	£000	£000	£000
Consumer credit, rentals and other retail trading	40,844	40,331	(1,193)	(2,320)
Car finance	39,374	39,729	(32,205)	(33,958)
	80,218	80,060	(33,398)	(36,278)

Depreciation of assets for consumer credit was £401,000 (2009 £436,000) and for car finance was £51,000 (2009 £78,000). Fixed asset additions for consumer credit were £425,000 (2009 £1,504,000) and for car finance were £55,000 (2009 £115,000).

The finance cost charge for consumer credit was £69,000 (2009 £121,000) and for car finance was £1,365,000 (2009 £1,747,000). The tax charge for consumer credit was £1,632,000 (2009 £1,540,000) and for car finance was £890,000 (2009 £848,000).

The significant products in consumer credit, rentals and other retail are unsecured home collected credit loans. The significant products in car finance are car loans secured under hire purchase agreements.

The assets and liabilities of the parent Company are classified as consumer credit, rentals and other retail trading.

No geographical analysis is presented because all operations are situated in the United Kingdom.

3. Revenue

	2010	2009
	£000	£000
Interest income	42,975	43,099
Insurance and other commissions and fees	2,820	3,083
Total revenue	45,795	46,182

Notes to the Accounts continued

Year ended 31 January 2010

4 Cost of sales

	2010	2009
	£000	£000
Loan loss provisioning charge – consumer credit	7,061	7,731
Loan loss provisioning charge – car finance	5,538	4,785
Total loan loss provisioning charge	12,599	12,516
Other cost of sales	3,431	3,650
Total cost of sales	16,030	16,166

5 Information regarding employees

	2010	2009
	No	No
The average number of persons employed by the Group in the year was		
Consumer credit, rentals and other retail trading	308	318
Car finance	69	68
	377	386

	2010	2009
	£000	£000
Staff costs during the year (including directors)		
Wages and salaries (including exceptional remuneration 2009)	8,360	8,760
Social security costs	879	912
Pension costs for money purchase scheme	207	202
	9,446	9,874

Directors' remuneration is disclosed in the audited section of the Directors' Remuneration Report

Exceptional remuneration

On 16 May 2008 after 30 years serving as Chairman of the Company, Mr D M Coombs retired as Chairman and resigned as a director to take up the non-Board position as president of the Company. The Board agreed to make a one off payment of £300,000 to Mr Coombs upon his appointment as president which is shown as an exceptional item in the year to 31 January 2009.

6 Operating profit

	2010 £000	2009 £000
Operating profit is after charging/(crediting)		
Depreciation and amortisation		
Owned assets	452	514
Staff costs	9,446	9,874
Cost of future share based payments	2	2
Rentals under operating leases		
Hire of plant and machinery	9	10
Other operating leases	378	401
(Profit)/loss on sale of fixed assets	(4)	(28)
Rentals received/receivable under operating leases	(120)	(87)

The analysis of auditors' remuneration is as follows

	2010 £000	2009 £000
Auditors' remuneration for audit fees		
Fees payable to the Group's auditors for the audit of the Group and Company annual accounts	41	41
Audit of Company's subsidiaries pursuant to legislation	37	37
Auditors' remuneration for non-audit fees:		
Other services pursuant to legislation	22	37
Tax services	15	20
Total	115	135

The audit fee for the Company was £32,000 (2009 £32,000)

7 Finance costs (net)

	2010 £000	2009 £000
31 5% cumulative preference dividend	142	142
Bank loan and overdraft	1,295	1,731
Other interest payable	2	7
Interest payable and similar charges	1,439	1,880
Interest receivable	(5)	(12)
	1,434	1,868

Notes to the Accounts continued

Year ended 31 January 2010

8 Tax on profit before taxation

	2010 £000	2009 £000
Corporation tax at 28% (2009 28 33%) based on the profit for the year	2,622	2,393
Adjustment in respect of prior years	(3)	15
	2,619	2,408
Deferred tax (timing differences – origination and reversal)	(97)	(20)
	2,522	2,388

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

	2010 £000	2009 £000
Profit on ordinary activities before tax	9,003	8,263
Tax on profit on ordinary activities at standard rate of 28% (2009 28 33%)	2,521	2,341
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	4	32
Effects of other tax rates	–	–
Prior period adjustments	(3)	15
Total actual amount of tax	2,522	2,388

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

9 Profit of parent Company

As permitted by Section 408 of the Companies Act 2006, 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 £4,150,000 (2009 £14,507,000)

10 Dividends

	2010 £000	2009 £000
Final paid for the year ended 31/1/2009 – 23 0p per ordinary share (23 0p)	2,700	2,700
Interim paid for the year ended 31/1/2010 – 9 0p per ordinary share (9 0p)	1,056	1,056
Total ordinary dividends paid	3,756	3,756
6% cumulative preference dividend paid March and September 2009	12	12
Total dividends paid	3,768	3,768

A second interim dividend of 15 0p per ordinary share for the year ended 31 January 2010 was paid on 19 March 2010 and the directors are proposing a final dividend for the year ended 31 January 2010 of 10 0p per ordinary share. The final dividend will be paid on 4 June 2010 to shareholders on the register at close of business on 14 May 2010 subject to approval by shareholders at the Annual General Meeting on Friday 21 May 2010.

11 Earnings per ordinary share

The calculation of earnings per ordinary share is based on profit after tax of £6,481,000 (2009 £5,875,000)

The number of shares used in the calculation is the average number of shares in issue during the year of 11,737,228 (2009 11,737,228) There are a total of 14,500 dilutive share options in issue (2009 10,000)

12. Property, plant and equipment

Group	Freehold land and buildings £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 February 2008	1,156	2,709	1,461	5,326
Additions	649	825	145	1,619
Disposals	(1,135)	(1,329)	(306)	(2,770)
At 31 January 2009	670	2,205	1,300	4,175
Additions	2	359	119	480
Disposals	(275)	(317)	(7)	(599)
At 31 January 2010	397	2,247	1,412	4,056
Accumulated depreciation				
At 1 February 2008	295	1,652	1,146	3,093
Charge for the year	19	358	137	514
Eliminated on disposals	(191)	(874)	(256)	(1,321)
At 31 January 2009	123	1,136	1,027	2,286
Charge for the year	9	335	108	452
Eliminated on disposals	(3)	(217)	(7)	(227)
At 31 January 2010	129	1,254	1,128	2,511
Net book value				
At 31 January 2010	268	993	284	1,545
At 31 January 2009	547	1,069	273	1,889

Included in the above is land at a cost or valuation of £60,000 (2009 £60,000) which is not depreciated

Notes to the Accounts (continued)

Year ended 31 January 2010

12 Property, plant and equipment continued

Company	Freehold land and buildings £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 February 2008	80	1,183	833	2,096
Additions	573	525	67	1,165
Disposals	(299)	(386)	(156)	(841)
At 31 January 2009	354	1,322	744	2,420
Additions	–	256	68	324
Disposals	(274)	(238)	–	(512)
At 31 January 2010	80	1,340	812	2,232
Accumulated depreciation				
At 1 February 2008	20	691	683	1,394
Charge for the year	4	195	72	271
Eliminated on disposals	–	(225)	(155)	(380)
At 31 January 2009	24	661	600	1,285
Charge for the year	1	216	63	280
Eliminated on disposals	(2)	(170)	–	(172)
At 31 January 2010	23	707	663	1,393
Net book value				
At 31 January 2010	57	633	149	839
At 31 January 2009	330	661	144	1,135

Included in the above is land at cost of £22,000 (2009 £22,000) which is not depreciated

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

Group		Company	
2010	2009	2010	2009
£000	£000	£000	£000
207	204	91	98

13 Investments and related party transactions

	January 2010 £000	January 2009 £000
Company		
Shares in subsidiary companies		
At historic cost less impairment	2,432	2,432

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
Advantage Finance Limited	Car finance

Related party transactions**Group**

Transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note. During the year the Group obtained supplies at market rates amounting to £7,025 (2009 £20,452) from Greystone Properties Limited a Company which is a related party because Messrs G D C and A M V Coombs are directors and shareholders. The amount due to Greystone Properties Limited at the year end was £7,025 (2009 £nil). During the year, as president of the Company Mr D M Coombs received fees of £180,000 (2009 £106,000). Mr D M Coombs retired from all duties on 31 January 2010 and these fees are therefore no longer payable. Mr D M Coombs served the Company for over 50 years, during which period the Company made no pension contributions on his behalf. The Board consider that, in the circumstances, it is appropriate to make discretionary payments to Mr Coombs. It is estimated that such payments will not exceed £120,000 during the financial year ending 31 January 2011. The Board will carefully review their decision in each succeeding year, but do not anticipate that such payments will ever exceed the amount estimated for the current financial year. All settled related party transactions were settled in full.

Company

The Company received dividends from other Group undertakings totalling £2,838,000 (2009 £16,250,000). During the year the Company recharged other Group undertakings for various administrative expenses incurred on their behalf. The Company also received administrative cost recharges from other Group undertakings. At 31 January 2010 the Company was owed £30,940,315 (2009 £24,325,104) by other Group undertakings and owed £nil (2009 £nil). All settled related party transactions were settled in full.

Notes to the Accounts (continued)

Year ended 31 January 2010

14 Amounts receivable from customers

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Consumer credit, rentals and other retail trading	54,460	55,003	29,154	29,483
Car finance hire purchase	51,793	50,850	–	–
	106,253	105,853	29,154	29,483
Less Loan loss provision consumer credit, rentals and other retail trading	(17,036)	(16,927)	(9,404)	(9,485)
Less Loan loss provision car finance	(12,781)	(11,474)	–	–
Amounts receivable from customers	76,436	77,452	19,750	19,998
Analysis by future date due				
– due within one year	50,961	51,039	19,599	19,866
– due in more than one year	25,475	26,413	151	132
Amounts receivable from customers	76,436	77,452	19,750	19,998

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Analysis of security				
Loans secured on vehicles under hire purchase agreements	37,287	37,479	–	–
Loans secured on residential property under 2nd mortgage agreements	948	1,454	–	–
Other loans	38,201	38,519	19,750	19,998
Amounts receivable from customers	76,436	77,452	19,750	19,998
Analysis of overdue				
<i>Not impaired</i>				
Neither past due nor impaired	46,271	44,181	8,598	8,468
Past due up to 3 months but not impaired	14,567	14,898	6,096	5,952
Past due over 3 months but not impaired	6,998	8,005	3,789	4,371
<i>Impaired</i>				
Past due up to 3 months	3,648	4,971	732	745
Past due up to 6 months	2,007	2,117	383	341
Past due over 6 months or default	2,945	3,280	152	121
Amounts receivable from customers	76,436	77,452	19,750	19,998

The credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 14 and under this review the credit quality of assets which are neither past due nor impaired was considered to be good. The above analysis of when loans are due is based upon original contract terms which are not rescheduled – the carrying amount of amounts receivable from customers whose terms have been renegotiated that would otherwise be past due or impaired is therefore £nil (2009 £nil).

14 Amounts receivable from customers continued
Analysis of movements on loan loss provisions

	Consumer credit, rentals and other trading £000	Car finance £000	Total £000
Group			
At 1 February 2008	16,452	10,431	26,883
Charge for year	7,731	4,785	12,516
Amounts written off during year	(4,329)	(2,438)	(6,767)
Unwind of discount	(2,927)	(1,304)	(4,231)
At 31 January 2009	16,927	11,474	28,401
Charge for year	7,061	5,538	12,599
Amounts written off during year	(4,221)	(2,863)	(7,084)
Unwind of discount	(2,731)	(1,370)	(4,101)
At 31 January 2010	17,036	12,779	29,815
Company			
At 1 February 2008	5,309	–	5,309
Charge for year	3,583	–	3,583
Amounts written off during year (including branch transfers)	1,954	–	1,954
Unwind of discount	(1,362)	–	(1,362)
At 31 January 2009	9,484	–	9,484
Charge for year	3,438	–	3,438
Amounts written off during year	(1,989)	–	(1,989)
Unwind of discount	(1,529)	–	(1,529)
At 31 January 2010	9,404	–	9,404

There has been no material change in the average discount rate used for either consumer credit or car finance during the years to 31 January 2009 and 31 January 2010

15 Inventories

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Goods for resale	136	96	136	96

The carrying value of inventories is not materially different to the fair value

Notes to the Accounts (continued)

Year ended 31 January 2010

16 Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Amounts owed by subsidiary undertakings	–	–	30,940	24,325
Other debtors	6	106	–	41
Prepayments and accrued income	561	302	380	108
	567	408	31,320	24,474

All the above amounts fall due within one year. The amounts owed by subsidiary undertakings in the Company's balance sheet are stated net of impairment. Under IFRS 7 there are no amounts included in trade and other receivables which are past due but not impaired. The carrying value of trade and other receivables is not materially different to the fair value.

17 Bank overdrafts and loans

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Bank overdrafts and loans – due within one year	12	15,330	1	10,000
Bank loan – due in more than one year	28,000	16,000	28,000	16,000
	28,012	31,330	28,001	26,000

The carrying value of bank overdrafts and loans is not materially different to the fair value.

S&U Plc had the following overdraft facilities available at 31 January 2010:

- a facility for £6m (2009: £6m) and is subject to annual review in April 2010
- a facility for £2m (2009: £4m) and is subject to annual review in April 2010
- a facility for £0.5m (2009: £0.5m) and is subject to annual review in April 2010
- a facility for £0.2m (2009: £0.2m) and is subject to annual review in April 2010

Total drawdowns of these overdraft facilities at 31 January 2010 were £0.01m.

The bank overdraft and loans are secured over the assets of the Group under a multilateral guarantee.

The Company is part of the Group overdraft facility but at 31 January 2010 had £3,806,000 cash in bank.

A maturity analysis of the above borrowings is given in note 22.

In the first half of 2009 S&U Plc replaced the £4m overdraft facility and £10m of its bank loans due to mature in 2009 with a £2m overdraft facility and a £12m three year term loan facility due to mature in 2012.

18 Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Trade creditors	643	568	348	374
Amounts owed to subsidiary undertakings	–	–	–	–
Other creditors	1,246	858	1,024	576
	1,889	1,426	1,372	950

The carrying value of trade and other payables is not materially different to the fair value

19 Deferred tax

	Accelerated tax depreciation £000	Revaluation of property £000	Derivative financial instrument £000	Retirement benefit obligations £000	Tax losses £000	Total £000
Group						
At 1 February 2008	48	(127)	10	(11)	–	(80)
Credit to income	10	9	–	1	–	20
Credit to equity	–	–	228	–	–	228
At 31 January 2009	58	(118)	238	(10)	–	168
(Debit)/credit to income	(5)	76	20	6	–	97
(Debit) to equity	–	–	(137)	–	–	(137)
At 31 January 2010	53	(42)	121	(4)	–	128
Company						
At 1 February 2008	28	–	10	(11)	–	27
(Debit)/credit to income	12	(75)	–	1	–	(62)
Credit to equity	–	–	228	–	–	228
At 31 January 2009	40	(75)	238	(10)	–	193
(Debit)/credit to income	(5)	75	20	6	–	96
(Debit) to equity	–	–	(137)	–	–	(137)
At 31 January 2010	35	–	121	(4)	–	152

The Group and the Company have assessed that all the deferred tax assets and liabilities shown above should be offset for financial reporting purposes

Deferred tax on the UK timing differences has been calculated at the rate of 28% (2009 28%)

20 Called up share capital and preference shares

	2010	2009
	£000	£000
Called up, allotted and fully paid		
11,737,228 ordinary shares of 12 5p each	1,467	1,467
200,000 6 0% cumulative preference shares of £1 each	200	200
Called up share capital	1,667	1,667

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 6 0% cumulative preference shares do not carry voting rights so long as the dividends are not in arrears.

Notes to the Accounts (continued)

Year ended 31 January 2010

21 Financial liabilities

	2010	2009
	£000	£000
Preference share capital		
Called up, allotted and fully paid		
3,599,106 31 5% cumulative preference shares of 12 5p each (2009 3,600,756)	450	450

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. The 31 5% cumulative preference shares do not carry voting rights so long as the dividends are not in arrears. During the year 1,650 31 5% preference shares were repurchased by the Company at a total premium of £734 25 which has been shown in the income statement.

22 Financial instruments

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

The Group and 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 credit hire purchase debts are secured by the goods. The car finance hire purchase debts are secured by the financed vehicle.

As at 31 January 2010 the Group's indebtedness amounted to £28,012,000 (2009 £31,780,000) and the Company's indebtedness amounted to £28,012,000 (2009 £26,450,000). The Group gearing was 56 9% (2009 71 6%), being calculated as net borrowings as a percentage of total equity. The Board is of the view that the gearing level remains conservative, especially for a lending organisation. The table below analyses the Group and Company assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date (to contractual maturity).

S&U Plc has unused borrowing facilities at 31 January 2010 of £8 7m (2009 £6 6m). The preference share capital financial liability of £450,000 has no maturity date and is classified as more than five years.

The average effective interest rate on financial assets of the Group at 31 January 2010 was estimated to be 41% (2009 41%). The average effective interest rate on financial assets of the Company was estimated to be 59% (2009 60%). The average effective interest rate of financial liabilities of the Group at 31 January 2010 was estimated to be 5% (2009 6%). The average effective interest rate on financial liabilities of the Company at 31 January 2010 was estimated to be 5% (2009 6%).

Derivative financial instruments

The Group's 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 the accounting policy noted in 1 13 above. A five year hedge contract on £20m of the Group's borrowings was entered into on 20 September 2005 and has been designated a cash flow hedge. The fair value of this contract at 31 January 2010 was estimated to be a liability of £437,000 (2009 liability of £851,000). The contract is designated as a hedge but no longer qualifies for hedge accounting. As such the fair value movement in the year of £488,000 has been taken to the income statement. Furthermore, the amount previously recognised in equity is being recycled through the income statement over the remaining life of the instrument.

Currency and credit risk

The Group has no material exposure to foreign currency risk. Group trade and other receivables and cash are considered to have no material credit risk as all material balances are due from highly rated banking counterparties. The credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 1 4. It should be noted that the credit risk at the individual customer level is limited by strict adherence to credit control rules which are regularly reviewed. The credit risk is also mitigated in the car finance segment of our business by ensuring that the valuation of the security at origination of the loan is within glasses guide and cap limits.

22 Financial instruments continued**Interest rate risk**

The Group's 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 the accounting policy noted in 1.13 above. There is considered to be no material interest rate risk in cash, trade and other receivables, preference shares and trade and other payables.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the liability outstanding at the balance sheet date was outstanding for the whole year.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's,

– profit for the year ended 31 January 2010 would decrease/increase by £0.1m (2009 decrease/increase by £0.1m). This is mainly attributable to the Group's exposure on its variable rate borrowings.

– total equity would decrease/increase by £0.1m (2009 decrease/increase by £0.1m). This is mainly attributable to the Group's exposure on its variable rate borrowings.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's,

– profit for the year ended 31 January 2010 would decrease by £0.1m or increase by £0.2m (2009 decrease by £0.1m or increase by £0.2m). This is mainly attributable to the Group's exposure on its variable rate borrowings.

– total equity would decrease by £0.1m or increase by £0.2m (2009 decrease by £0.1m or increase by £0.2m). This is mainly attributable to the Group's exposure on its variable rate borrowings.

Capital risk management

The Board of directors assess the capital needs of the Group on an ongoing basis and approve all capital transactions. The Group's objective in respect of capital risk management is to maintain a conservative "Group Gearing" level with respect to market conditions, whilst taking account of business growth opportunities in a capital efficient manner. "Group Gearing" is calculated as the sum of Bank Overdrafts plus Bank Loans less Cash and Cash Equivalents divided by Total Equity. At 31 January 2010 the Group gearing level was 56.9% (2009 71.6%) which the directors consider to have met their objective.

External capital requirements are imposed by the FSA on Advantage Finance. Throughout the year this Company has maintained a capital base greater than this requirement.

Fair values of financial assets and liabilities

The fair values of amounts receivable from customers, bank loans and overdrafts and other assets and liabilities with the exception of the junior preference share capital are considered to be not materially different from their book values. The junior preference share capital classified as a financial liability is estimated to have a fair value of £1.9m (2009 £1.9m) but is considered more appropriate under IFRS to be included in the balance sheet at amortised cost. Fair values which are recognised or disclosed in these financial statements are determined in whole or in part using a valuation technique based on assumptions that are supported by prices from observable current market transactions in the same instrument (i.e. without modification or repackaging) and based on available observable market data.

Liquidity risk

The Group's liquidity risk is shown in the following tables which measure the cumulative liquidity gap. Most of the Group's financial assets are repayable within one year which together with gearing of less than 60% results in a positive liquidity position.

Notes to the Accounts (continued)

Year ended 31 January 2010

22 Financial instruments continued

Group	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	Non-interest bearing £'000	Total £'000
At 31 January 2010						
Financial assets	50,961	11,521	13,489	465	–	76,436
Other assets	–	–	–	–	2,391	2,391
Cash at bank and in hand	1,391	–	–	–	–	1,391
Total assets	52,352	11,521	13,489	465	2,391	80,218
Shareholders' funds	–	–	–	–	(46,820)	(46,820)
Bank overdrafts and loans	(12)	–	(28,000)	–	–	(28,012)
Financial liabilities	–	–	–	(450)	–	(450)
Other liabilities	–	–	–	–	(4,936)	(4,936)
Total liabilities and shareholders' funds	(12)	–	(28,000)	(450)	(51,756)	(80,218)
Cumulative gap	52,340	63,861	49,350	49,365	–	–

Group	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	Non-interest bearing £'000	Total £'000
At 31 January 2009						
Financial assets	51,039	11,514	14,071	828	–	77,452
Other assets	–	–	–	–	2,596	2,596
Cash at bank and in hand	12	–	–	–	–	12
Total assets	51,051	11,514	14,071	828	2,596	80,060
Shareholders' funds	–	–	–	–	(43,782)	(43,782)
Bank overdrafts and loans	(15,330)	–	(16,000)	–	–	(31,330)
Financial liabilities	–	–	–	(450)	–	(450)
Other liabilities	–	–	–	–	(4,498)	(4,498)
Total liabilities and shareholders' funds	(15,330)	–	(16,000)	(450)	(48,280)	(80,060)
Cumulative gap	35,721	47,235	45,306	45,684	–	–

22 Financial instruments continued

Company	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	Non-interest bearing £'000	Total £'000
At 31 January 2010	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets	19,599	151	–	–	–	19,750
Other assets	–	–	–	–	34,894	34,894
Cash at bank and in hand	3,806	–	–	–	–	3,806
Total assets	23,405	151	–	–	34,894	58,450
Shareholders' funds	–	–	–	–	(27,374)	(27,374)
Bank overdrafts and loans	(1)	–	(28,000)	–	–	(28,001)
Financial liabilities	–	–	–	(450)	–	(450)
Other liabilities	–	–	–	–	(2,625)	(2,625)
Contingent liabilities	(2,426)	–	–	–	–	(2,426)
Total liabilities and shareholders' funds	(2,427)	–	(28,000)	(450)	(29,999)	(60,876)
Cumulative gap	20,978	21,129	(6,871)	(7,321)	(2,426)	(2,426)

Company	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	Non-interest bearing £'000	Total £'000
At 31 January 2009	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets	19,866	132	–	–	–	19,998
Other assets	–	–	–	–	28,365	28,365
Cash at bank and in hand	7,143	–	–	–	–	7,143
Total assets	27,009	132	–	–	28,365	55,506
Shareholders' funds	–	–	–	–	(26,667)	(26,667)
Bank overdrafts and loans	(10,000)	–	(16,000)	–	–	(26,000)
Financial liabilities	–	–	–	(450)	–	(450)
Other liabilities	–	–	–	–	(2,389)	(2,389)
Contingent liabilities	(11,263)	–	–	–	–	(11,263)
Total liabilities and shareholders' funds	(21,263)	–	(16,000)	(450)	(29,056)	(66,769)
Cumulative gap	5,746	5,878	(10,122)	(10,572)	(11,263)	(11,263)

Notes to the Accounts continued

Year ended 31 January 2010

22 Financial instruments (continued)

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

Group	Repayable on demand	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	Total
At 31 January 2010	£'000	£'000	£'000	£'000	£'000	£'000
Bank overdrafts and loans	12	–	–	–	–	12
Trade and other payables	–	1,889	–	–	–	1,889
Tax liabilities	–	1,555	–	–	–	1,555
Accruals and deferred income	–	1,055	–	–	–	1,055
Bank loans	–	–	–	28,000	–	28,000
Deferred tax liabilities	–	–	–	–	–	–
Financial liabilities	–	–	–	–	450	450
Derivative financial instruments	–	437	–	–	–	437
At 31 January 2010	12	4,936	–	28,000	450	33,398

Group	Repayable on demand	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	Total
At 31 January 2009	£'000	£'000	£'000	£'000	£'000	£'000
Bank overdrafts and loans	4,127	11,203	–	–	–	15,330
Trade and other payables	–	1,426	–	–	–	1,426
Tax liabilities	–	1,393	–	–	–	1,393
Accruals and deferred income	–	828	–	–	–	828
Bank loans	–	–	–	16,000	–	16,000
Deferred tax liabilities	–	–	–	–	–	–
Financial liabilities	–	–	–	–	450	450
Derivative financial instruments	–	530	321	–	–	851
At 31 January 2009	4,127	15,380	321	16,000	450	36,278

22 Financial instruments (continued)

Company	Repayable on demand £'000	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	Total £'000
At 31 January 2010	£'000	£'000	£'000	£'000	£'000	£'000
Bank overdrafts and loans	1	-	-	-	-	1
Trade and other payables	-	1,372	-	-	-	1,372
Tax liabilities	-	534	-	-	-	534
Accruals and deferred income	-	282	-	-	-	282
Bank loans	-	-	-	28,000	-	28,000
Deferred tax liabilities	-	-	-	-	-	-
Financial liabilities	-	-	-	-	450	450
Derivative financial instruments	-	437	-	-	-	437
At 31 January 2010	1	2,625	-	28,000	450	31,076

Company	Repayable on demand £'000	Less than 1 year £'000	More than 1 year but not more than 2 years £'000	More than 2 years but not more than 5 years £'000	More than 5 years £'000	Total £'000
At 31 January 2009	£'000	£'000	£'000	£'000	£'000	£'000
Bank overdrafts and loans	-	10,000	-	-	-	10,000
Trade and other payables	-	950	-	-	-	950
Tax liabilities	-	410	-	-	-	194
Accruals and deferred income	-	178	-	-	-	178
Bank loans	-	-	-	16,000	-	16,000
Deferred tax liabilities	-	-	-	-	-	-
Financial liabilities	-	-	-	-	450	450
Derivative financial instruments	-	530	321	-	-	851
At 31 January 2009	-	12,068	321	16,000	450	28,839

Notes to the Accounts continued

Year ended 31 January 2010

23 Reconciliation of operating profit to net cash from operating activities

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Operating Profit	10,437	10,131	4,697	14,885
Finance costs paid	(1,365)	(1,880)	(144)	(150)
Finance income received	5	12	244	202
Tax paid	(2,457)	(2,580)	(544)	(245)
Depreciation on plant, property and equipment	452	514	280	271
(Profit) on disposal of plant, property and equipment	(4)	(28)	(13)	(37)
Decrease/(increase) in amounts receivable from customers	1,016	(2,558)	248	(6,852)
Decrease in investments	-	-	-	461
(Increase)/decrease in inventories	(40)	59	(40)	(62)
(Increase)/decrease in trade and other receivables	(159)	255	(6,846)	(3,855)
Increase in trade and other payables	463	488	422	680
Increase/(decrease) in accruals and deferred income	227	(532)	104	(277)
Increase in cost of future share-based payments	2	2	2	2
(Decrease) in retirement benefit obligations	(8)	(19)	(8)	(19)
Net cash from operating activities	8,569	3,864	(1,598)	5,004

24 Financial commitments

Capital commitments

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

Operating lease commitments

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

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Land and buildings				
Leases which expire				
Within one year	10	36	-	26
Within two to five years	236	218	196	173
After five years	51	-	-	-
	297	254	196	199
Other				
Leases which expire				
Within one year	4	1	-	-
Within two to five years	3	6	-	-
After five years	-	-	-	-
	7	7	-	-

25 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 2010 was £2,426,000 (2009 £11,263,000)

26 Retirement benefit obligations

The Company operates a defined benefit scheme in the UK. The plan is funded by payment of contributions to a separate trustee administered fund. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified independent actuary using the attained age method. The last formal valuation was at 31 March 2007. At that valuation it was assumed that future investment returns would be 7.5% pre-retirement and 5.0% post-retirement, salary increases for active members would be 4.9% per annum and inflation would be 3.4% per annum. The valuation results have been updated on the advice of a qualified actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at 31 January 2010. The last actuarial valuation highlighted that the scheme was in surplus on an ongoing basis with the value of assets being sufficient to cover the actuarial value of accrued liabilities. No contributions are therefore being paid to the scheme at the present time and the estimated amount of contributions expected to be paid into the scheme during the year to 31 January 2011 is £nil.

Disclosures made in accordance with IAS 19

A full actuarial valuation was carried out at 31 March 2007 and updated to 31 January 2010 by a qualified independent actuary. The valuation method used was the attained age method. The major assumptions used by the actuary were (in nominal terms)

	At year end 31 January 2010	At year end 31 January 2009
Rate of increase in salaries	4.9%	4.5%
Rate of increase in pensions in payment	3.4%	3.0%
Discount rate	5.4%	6.8%
Inflation assumption	3.4%	3.0%

The analysis of the scheme assets and the expected rate of return at the balance sheet date were as follows

	Expected rate of return at 31 January 2010	Fair value at 31 January 2010 £000	Expected rate of return at 31 January 2009	Fair value at 31 January 2009 £000
Equities	7.9%	730	7.9%	555
Bonds	5.6%	193	6.8%	209
Cash	0.5%	67	1.0%	65
Total market value of assets		990		829

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows

	2010 £000	2009 £000
Fair value of plan assets	990	829
Present value of defined benefit obligations	(975)	(794)
Pension asset	15	35

Notes to the Accounts continued

Year ended 31 January 2010

26 Retirement benefit obligations (continued)

	2010 £000	2009 £000
Current service cost	3	7
Interest on obligation	46	53
Expected return on plan assets	(57)	(79)
Expense recognised in the income statement	(8)	(19)
Opening net (asset)	(35)	(40)
Expense	(8)	(19)
Contributions paid	-	-
Actuarial loss	28	24
Closing net (asset)	(15)	(35)

The expense credit in both years is shown within administrative expenses

History of experience adjustments

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Expected return on plan assets	57	79	78	75	73
Actuarial gain/(loss) on plan assets	157	(234)	(49)	42	40
Actual return on plan assets	214	(155)	29	117	113

Movement in present value of obligation

Present value of obligation at 1 February	794	999	1,055	1,056	1,050
Interest cost	46	53	52	49	55
Current service cost	3	7	8	8	5
Other cost	-	-	-	4	-
Benefits paid	(53)	(55)	(85)	(82)	(80)
Actuarial loss/(gain) on obligation	185	(210)	(31)	20	26
Present value of obligation at 31 January	975	794	999	1,055	1,056

Experience adjustment on scheme liabilities

Actuarial (gain)/loss as percentage of scheme liabilities	19%	26%	3%	2%	2%
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Movement in fair value of plan assets

Fair value of plan assets at 1 February	829	1,039	1,095	1,060	1,027
Expected return on plan assets	57	79	78	75	73
Contributions	-	-	-	-	-
Benefits paid	(53)	(55)	(85)	(82)	(80)
Actuarial gain/(loss) on plan assets	157	(234)	(49)	42	40
Fair value of plan assets at 31 January	990	829	1,039	1,095	1,060

Experience adjustment on scheme assets

Actuarial gain/(loss) as percentage of scheme assets	16%	28%	5%	4%	4%
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Five Year Financial Record

	2006 £000	2007 £000	2008 £000	2009 £000	2010 £000
Revenue	41,275	42,795	45,978	46,182	45,795
Operating profit	10,818	10,469	10,876	10,131	10,437
Profit before taxation	9,124	8,930	8,578	8,263	9,003
Taxation	(2,787)	(2,691)	(2,613)	(2,388)	(2,522)
Profit for the year	6,337	6,239	5,965	5,875	6,481
Assets employed					
Fixed assets	2,283	2,280	2,233	1,889	1,545
Amounts receivable and other assets	66,347	73,119	75,763	78,171	78,673
	68,630	75,399	77,996	80,060	80,218
Liabilities	(31,137)	(35,295)	(35,713)	(36,278)	(33,398)
Total equity	37,493	40,104	42,283	43,782	46,820
Earnings per ordinary share	54 0p	53 2p	50 8p	50 1p	55 2p
Dividends declared per ordinary share	31 0p	32 0p	32 0p	32 0p	34.0p
Key ratios					
Return on capital employed	16 4%	14 6%	14 8%	13 5%	13 9%
Group gearing	75 3%	78 9%	74 0%	71 6%	56 9%

Key ratios have been calculated as follows

"Return on capital employed" is calculated as Operating Profit divided by the sum of Total Equity plus Bank Overdrafts and Loans in Current Liabilities plus Bank Loans and Financial Liabilities (both as disclosed within Non-Current Liabilities)

"Group Gearing" is calculated as the sum of Bank Overdrafts plus Bank Loans less Cash and Cash Equivalents divided by Total Equity

Notice of Meeting

Notice is hereby given that the seventy-second Annual General Meeting of S&U Plc will be held at Nuthurst Grange Hotel, Hockley Heath, Warwickshire B94 5NL on Friday 21 May 2010 at 11 30 am for the following purposes

To consider and, if thought fit, pass the following resolutions. Resolutions 1 to 11 will be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as a special resolutions

Ordinary Resolutions

- 1 To receive the directors' report and the Company's annual accounts for the year ended 31 January 2010, together with the auditor's report on those accounts and the auditable part of the directors' remuneration report
- 2 To approve the directors' remuneration report for the year ended 31 January 2010
- 3 To declare a final ordinary dividend for the year ended 31 January 2010 of 10 0 pence per ordinary share in the capital of the Company, to be paid on 4 June 2010 to shareholders whose names appear on the register at close of business on 14 May 2010
- 4 To re-elect as a director Mr G D C Coombs (Aged 57) who retires by rotation
- 5 To re-elect as a director Mr F Coombs (Aged 41) who retires by rotation
- 6 To re-elect as a director Mr C H Redford (Aged 45) who retires by rotation
- 7 To reappoint Deloitte LLP as auditors of the Company
- 8 To authorise the directors to fix the remuneration of the auditors
- 9 That pursuant to section 366 of the Companies Act 2006 ("2006 Act"), the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution shall have effect, be and are hereby authorised, in aggregate
 - (a) to make political donations (as defined in section 364 of the 2006 Act) ("Political Donations") to political parties (as defined in section 363(1) of the 2006 Act) ("Political Parties") and/or to independent election candidates (as defined in section 363(3) of the 2006 Act) not exceeding £20,000 in total,
 - (b) to make Political Donations to political organisations (as defined in section 363(2) of the 2006 Act) other than Political Parties not exceeding £20,000 in total, and
 - (c) to incur political expenditure (as defined in section 365 of the 2006 Act) ("Political Expenditure") not exceeding £50,000 in total,

in each case, during the period beginning with the date of the passing of this resolution and ending on the conclusion of the next AGM of the Company after the passing of this resolution or on 21 August 2011 (whichever is the earlier). In any event (i) the aggregate amount of Political Donations and Political Expenditure to be made or incurred by the Company and its subsidiaries pursuant to this resolution shall not exceed £90,000, and (ii) each of the amounts referred to in this resolution may comprise one or more sums in different currencies which, for the purposes of calculating any such amount, shall be converted at such rate as the directors may, in their absolute discretion, determine to be appropriate

- 10 THAT, the rules of the S&U Plc 2010 Long-Term Incentive Plan ("LTIP"), a summary of the principal terms of which is set out in the appendix to the AGM circular (and a draft of which is provided to the meeting and initialled by the Chairman for the purposes of identification) be, and are hereby approved and adopted and the directors of the Company be and are hereby authorised to do all things necessary or expedient to carry the LTIP into effect
 - (a) subject to the rules of the LTIP, the directors of the Company be and are hereby authorised to make such alteration or addition to the LTIP as may be necessary in order to benefit the administration of the LTIP at any time, and

- (b) the directors of the Company be authorised to establish further plans based on the LTIP but modified to take account of local tax, exchange control or securities laws provided that the shares made available under such further plans are treated as counting towards the limits on individual or overall participation in the LTIP

11 THAT, pursuant to section 551 of the 2006 Act, the directors be and they are generally and unconditionally authorised to exercise all the powers of the Company to allot Relevant Securities

- (a) comprising equity securities (as defined in section 560(1) of the 2006 Act) up to an aggregate nominal amount of £146,714 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph (b) of this resolution) in connection with a rights issue

- (i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them, and

- (ii) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange, and

- (b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £146,714 (such amount to be reduced by the aggregate nominal amount of Relevant Securities allotted pursuant to paragraph (a)),

provided that (unless previously revoked, varied or renewed) these authorities shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or on 21 August 2011 (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired

In this resolution, "Relevant Securities" means shares in the Company or rights to subscribe for or to convert any security into shares in the Company, a reference to the allotment of Relevant Securities includes the grant of such a right, and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right

These authorities are in substitution for all existing authorities under section 80 of the Companies Act 1985 ("1985 Act") (which, to the extent unused at the date of this resolution, are revoked with immediate effect)

Special Resolutions

12 THAT, subject to the passing of resolution 11, pursuant to section 570 of the 2006 Act and in substitution for all existing authorities under section 95 of the 1985 Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect), the directors be and they are generally empowered to allot equity securities (within the meaning of section 560 of the 2006 Act) wholly for cash pursuant to the authority conferred by resolution 11, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities

- (a) in connection with an offer of such equity securities (whether by way of a rights issue, open offer or otherwise, but in the case of an allotment pursuant to the authority granted by paragraph (a) of resolution 11, such power shall be limited to the allotment of equity securities in connection with a rights issue)

- (i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them, and

- (ii) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

Notice of Meeting continued

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange, and

- (b) the allotment of equity securities for cash pursuant to the authority granted by paragraph (b) of resolution 11 (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount of £73,357,

and (unless previously revoked, varied or renewed) shall expire on the conclusion of the next AGM of the Company after the passing of this resolution or on 21 August 2011 (whichever is the earlier), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities for cash in pursuance of any such offer or agreement as if the authority had not expired

- 13 That a general meeting (other than an AGM) may be called on not less than 14 days' notice

By Order of the Board

C H Redford

Secretary

16 April 2010

Registered office Royal House, Prince's Gate,
Homer Road, Solihull, West Midlands, B91 3QQ

Notes

Only shareholders whose names appear on the register of members of the Company as at 6 00 pm on 14 April 2010 (or, if the meeting is adjourned, 6 00 pm on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend the AGM either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the AGM. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting

A shareholder is entitled to appoint one or more persons as proxies to exercise all or any of his rights to attend, speak and vote at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by photocopying the proxy form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the shareholder may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. The right of a shareholder under section 324 of the 2006 Act to appoint a proxy does not apply to a person nominated to enjoy information rights under section 146 of the 2006 Act

Any person to whom this Notice is sent who is a person nominated under Section 146 of the 2006 Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights

A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares

The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting if he or she so wishes

As at 15 April 2010 (being the latest business day prior to the publication of this notice), the Company's issued ordinary share capital consists of 11,737,228 ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at 15 April 2010 are 11,737,228

A form of proxy is enclosed. To be valid, it must be completed, signed and sent to the offices of the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 11.30 am on Wednesday 19 May 2010 (or, in the event that the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting)

As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by no later than 11.30 am on Wednesday 19 May 2010 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting)

A shareholder or shareholders having a right to vote at the meeting and holding at least 5% of the total voting rights of the Company, or at least 100 shareholders having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital, may require the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the meeting relating to either the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting of the Company in accordance with section 527 of the 2006 Act

Any such request must

- identify the statement to which it relates, by either setting out the statement in full or, if supporting a statement requested by another shareholder, clearly identifying the statement which is being supported,
- may be made either
 - (i) in hard copy, by sending it to the Company Secretary, Royal House, Princes Gate, Homer Road, Solihull, B91 3QQ, or
 - (ii) in electronic form, by sending it to fax number 01217057878 marked for the attention of the Company Secretary or email info@suplc.co.uk (please insert "S&U AGM" in the subject line of the email),
- state the full name(s) and address(es) of the shareholder(s),
- where the request is made in hard copy form (or by fax) be signed by the shareholder(s), and
- be received by the Company at least one week before the meeting

Where the Company is required to publish such a statement on its website

- (i) it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request,
- (ii) it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the website, and
- (iii) the statement may be dealt with as part of the business of the meeting

Notice of Meeting continued

Shareholders have the right to ask questions at the meeting relating to the business being dealt with at the meeting in accordance with section 319A of the 2006 Act. The Company must answer any such question unless

- to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information,
- the answer has already been given on a website in the form of an answer to a question, or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered

The following information is available for inspection during normal business hours at the registered office of the Company (excluding weekends and public holidays). It will also be available for inspection at the place of the Annual General Meeting from 15 minutes immediately before the meeting until its conclusion.

- copies of the service contracts and letters of appointment of the directors, and
- the S&U Plc 2010 Long-Term Incentive Plan

Biographical details of all those directors who are offering themselves for reappointment at the meeting are set out on page 9 of the enclosed annual report and accounts.

The information required by section 311A of the 2006 Act to be published in advance of the meeting, which includes the matters set out in this notice and information relating to the voting rights of shareholders, is available at www.suplc.co.uk

Except as provided above, shareholders who wish to communicate with the Company in relation to the meeting should do so using the email address info@suplc.co.uk, no other methods of communication will be accepted.

Shareholder Notes

Financial Calendar

Annual General Meeting		21 May 2010
Announcement of results	Half year ending 31 July 2010 Year ending 31 January 2011	September 2010 April 2011
Payment of dividends	6% Cumulative preference shares	30 September 2010 & 31 March 2011
	31 5% Cumulative preference shares	31 July 2010 & 31 January 2011
	Ordinary shares – 2010 Final	4 June 2010
	Record Date	14 May 2010
	Ex-dividend Date	12 May 2010
	– 2011 Interim	November 2010

Directions

Annual General Meeting, Nuthurst Grange Country House Hotel, 21 May 2010

From M42

Leave the M42 at junction 4 (signed
Henley-in-Arden and A3400)

Join the A3400 (Stratford Road),
following signs from Hockley Heath and
Henley-in-Arden

Continue on the A3400 for 2.5 miles
until the junction with Nuthurst Grange
Road

Turn right onto Nuthurst Grange Road
The entrance to the hotel is on the left
hand side (see map)

From M40 Southbound

Leave the M40 at junction 16 (signed
Henley-in-Arden and A3400)

Join the A3400 (Stratford Road),
following signs to Hockley Heath

Turn left onto Nuthurst Grange Road

The entrance to the hotel is on the left
hand side (see map)

From M40 Northbound

Follow M40 to its conclusion then
join the M42 towards Birmingham
international Airport

Leave the M42 at junction 4 (signed
Henley-in-Arden and A3400)

Follow directions above "From M42"

Form of Proxy

Proxy for use at the Annual General Meeting of the Company to be held on 21 May 2010 at 11 30 am.

I/We _____ of _____

(Block Capitals)

being a member/members of the above-named company, HEREBY APPOINT the Chairman of the meeting*

to act as my/our proxy and to attend speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held on the 21 May 2010 at 11 30 am and any adjournment thereof, and in respect of the resolutions set forth in the notice convening such meeting to vote thereon as directed below, or failing any direction as regards the resolutions, as my/our proxy thinks fit both as to how he/she votes and as to whether or not he/she abstains from voting

☐ Please tick here if this proxy appointment is one of multiple appointments being made
(For the appointment of more than one proxy, please refer to the Notes below)

The manner in which the proxy is to vote should be indicated by inserting 'X' in the appropriate box

Ordinary resolutions	FOR	AGAINST	VOTE WITHHELD
Resolution No 1 – To receive and adopt the Statement of Accounts for the year ended 31 January 2010 together with the Reports of the directors and auditors			
Resolution No 2 – To approve the report of the Board on remuneration policy			
Resolution No 3 – To declare a final dividend			
Resolution No 4 – To re-elect Mr G D C Coombs as a director			
Resolution No 5 – To re-elect Mr F Coombs as a director			
Resolution No 6 – To re-elect Mr C H Redford as a director			
Resolution No 7 – To reappoint Deloitte LLP as auditors			
Resolution No 8 – To authorise the directors to agree the remuneration of the auditors			
Resolution No 9 – To give the authority to make political donations and other political expenditure			
Resolution No 10 – To approve and adopt the S&U Plc 2010 Long-Term Incentive Plan			
Resolution No 11 – To give the Company authority to allot shares			
Special resolutions			
Resolution No 12 – Disapplication of pre-emption rights			
Resolution No 13 – That a general meeting (other than an AGM) may be called on less than 14-days' notice			

Signed this _____ day of _____ 2010 Signature _____

* Delete if it is desired to appoint any other person and insert his/her name and address. A proxy need not be a member of the Company

NOTES

- (1) In the case of a corporation this proxy must be executed either under its common seal or under the hand of an officer or attorney duly authorised
- (2) This proxy together with any power of attorney, or other authority under which it is signed must be received by the Company at its registrars' office (address as over) not less than 48 hours before the time for the holding of the meeting
- (3) You are entitled to appoint one or more proxies of your own choice to exercise all or any of your rights to attend and to speak and vote at the meeting. Any member of the Company entitled to attend, speak and vote at this meeting may appoint another person or persons as a proxy to attend, speak and, on a poll, to vote in his stead. The proxy need not be a member of the Company. If you appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. You can only appoint a proxy in accordance with the procedures set out in these notes and in the notes to the notice of meeting. If the proxy is being appointed in relation to less than your full voting entitlement, please enter next to the name of the proxy the number of shares in relation to which they are authorised to act in respect of your proxy. If you sign and return the form and do not provide the number of shares to which it relates, your proxy will be deemed to be authorised to act in respect of your full voting entitlement.
- (4) To appoint more than one proxy you will need to complete a separate form in relation to each appointment. You may photocopy this form for the purposes of appointing more than one proxy. You will need to state clearly on each form the number of shares in relation to which the proxy is appointed (see note (3)). Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of the number of shares held by you may result in the proxy appointment being invalid.
- (5) As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by no later than 11 30 am on Wednesday 19 May 2010.
- (6) The "vote withheld" option on this form of proxy is provided to enable you to instruct your proxy not to vote on any particular resolution. However, a vote withheld is not a vote in law and will not be counted in the votes "for and against" a resolution.

Second fold

AFFIX
STAMP
HERE

**Capita Registrars
PXS
Beckenham
Kent BR3 4TU**

First fold

Third fold
and tuck in flap opposite

Locations

ALDERSHOT
BACUP
BARTON
BIRMINGHAM
BRISTOL
CARLISLE
DEESIDE
DISS
EDINBURGH
EXETER
FALMOUTH
GLASGOW
GRIMSBY
HEREFORD
KILMARNOCK
LEEDS
LONDON
MILTON KEYNES
NEATH
NEWCASTLE-ON-TYNE
NOTTINGHAM
PENMAENMAWR
PETERBOROUGH
SHEFFIELD
SOUTHAMPTON
STOKE-ON-TRENT
STOCKTON
ULVERSTON
WARRINGTON
WEST BROMWICH

