27 September 2022

S&U PLC
(“S&U” or “the Group”)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JULY 2022

S&U, the specialist motor and property bridging finance lender today announced its results for the six months ended 31 July 2022. Although announcing excellent results for the first half year of 2022/23, and confident as to future trends for the business, the current pessimistic outlook for the UK economy as a whole inevitably tempers our usual optimism with caution.

Financial Highlights

- Profit before tax: £20.9m (H1 2021: £19.9m)
- Earnings Per Share: 140.7p per share (H1 2021: 133.1p)
- Net Group Receivables: £370.1m (31 July 2021: £306.4m)
- Revenue £49.4m (H1:2021 £42.8m)
- First interim dividend: 35p per ordinary share (H1 2021: 33p)
- Group Gearing at 73% (31 July 2021: 61%)
- Group funding facilities increased to £210m from £180m post half year

Operational Highlights

Advantage Finance Limited

- Profit before tax: £19.0m (H1 2021: £18.5m)
- Net Receivables: £279.9m (31 July 2021: £248.8m)
- New deal transaction numbers: 11,800 (22% up on H1 2021)
- Collection rate: 94.3% of due (H1 2021: 92.4%)

Aspen Bridging Limited

- Profit before tax: £2.0m (H1 2021: £1.5m)
- Net receivables: £90.2m (H1 2021: £57.7m)
- Record interest and fee income and good repayments
- Winner of Specialist Product of the Year at Bridging & Commercial industry awards

Anthony Coombs, Chairman of S&U commented:
“Current trading in both of S&U’s businesses is very encouraging. We are of course aware that we live in troubled times. Current economic and political conditions pose potential challenges to overcome, but also opportunities to grasp. As Franklin D. Roosevelt declared at the outset of a much more profound recession 90 years ago, “all we have to fear is fear itself.” Whilst rightly more cautious in a less promising economic climate, S&U is equipped with the ambition, experience and determination to prosper.”

Enquiries:

S&U Plc Anthony Coombs, Chairman	0121 705 7777
Newgate Communications Bob Huxford, Molly Gretton, Max Richardson	020 7653 9848
Peel Hunt LLP Andrew Buchanan, Adrian Trimmings, Sam Milford	020 7418 8900

Chairman's Statement

Rarely in S&U's 84-year history has the strength of our current trading and first half performance contrasted so starkly with the current frenzy of pessimism and gloom surrounding the UK's economic, energy and political prospects. For the half year, I am pleased to announce profits before tax of £20.9m (H1 2021: £19.9m) on Group receivables at £370.1m against £306.4m last year and with Group collections strong and consistent.

We are, of course alive to the darkening economic picture in the UK as rising inflation, falling consumer confidence and the prospect of recession put pressures on consumer confidence and their disposable incomes. However, S&U's long experience and understanding of its loyal customers' circumstances and needs, will allow the Group to weather any future economic storm.

Meanwhile, this year's profit increase of just over 5% is struck against last year's results which we reported as inflated by "a lower than normal impairment charge at Advantage Finance." The latter resulted from excellent collections offsetting pandemic-era provisions. Interim Group revenue this year is up 15% at a record £49.4m, and Group net receivables have increased by 21% as both our businesses have achieved just over £30m of book debt growth in the last 12 months. Most importantly, credit quality, measured by both bad debt and default levels and by collections against due, continues to be strong and improving. However, anticipating a more challenging collections environment ahead, S&U's balance sheet provisions remain at £95m.

Equity in the Group of £212.5m is 11% higher than last year, and earnings per share have reached a record 140p.

Whilst paying tribute to the loyalty of our customers, these results have only been made possible by the hard work, enthusiasm and energy of our staff and those in management who guide them. Not only have they adapted superbly to a gradual move to hybrid office/home working, but many also face cost of living challenges themselves. We have and will continue to address these, but I doff my metaphorical hat to their magnificent efforts.

Motor Finance

Based in Grimsby, Advantage Finance, our motor finance business continues its 20-year plus record of growth. Profit before tax for the half year was a record at just under £19m as revenue rose to £43.6m, 13% ahead of 2021. New deals transacted in the first half were 11,800, an increase of 22% on last year. As a result, Advantage net receivables now stand at £279.9m, an increase of 13% on a year ago.

Of crucial importance in these frenetic times is the quality of the loan book and the sustainability of the collections it yields. The half year saw collections against due at 94.3%, well above both budget and last year. This robust performance was reflected in the second quarter's monthly collections which reached £40.4m for the first time.

These results reflect the vital work Advantage continues to do in monitoring the circumstances and needs of its customers, and the affordability of their repayments. Nearly a quarter of a century's data and a broader range in our panel of credit reference agencies, have allowed Advantage to expand its new customers range, improve average yield rates and maintain excellent collections quality.

Advantage constantly studies customer payment patterns and refines the data surrounding them. It can then adjust affordability calculations and extrapolate future cost of living trends with some accuracy. This not only reinforces future credit quality but provides greater efficiency in identifying good future customers. Integral to attracting good future customers is ensuring that Advantage has a balanced and stable introducer broker base. The success in ensuring this balance lies in the fact that the top three introducers now account for 34% of new transactions against 44% two years ago.

Advantage's first half performance has vindicated its long-standing attention to detail and continuous improvement in customer engagement, underwriting, responsible lending and most recently in marketing and resolicitation. Whilst used-car values remain high, reflecting supply constraints, choppy waters ahead will undoubtedly test the resilience of Advantage's policies and procedures. I am confident Advantage will once again prove resilient and I pay tribute to the skills and dedication of our loyal staff in achieving these excellent half year results.

Aspen Bridging

Aspen, our Solihull based bridging and property finance business, has produced an excellent first half by building its loan book, its industry reputation and its young and enthusiastic team. Profit before tax for the period has reached a record £2.0m (2021: £1.5m) and net receivables now stand at £90.2m against £57.7m last year.

Revenue for the half year grew by 35% in 2022 to £5.7m. This resulted from a 10% rise in new deal transactions, higher interest and larger-than-anticipated loan advances. Operating profit also benefited from a strong collections performance, reaching 47 repayments in the half year, leaving 128 live loan facilities and no long-standing defaults.

Whilst priding itself on the bespoke service it offers its customers, Aspen has also speeded up its processing and continues to develop its website and digital capability. It has also developed new products, including a Bridge-to-Let Loan, designed to appeal to smaller developers and refurbishers seeking security for their project refinancing. We were very pleased to see this product awarded the Specialist Product of the Year award at the recent Bridging & Commercial awards.

Aspen's pipeline has remained consistently above budget, although seasonal factors, higher interest rates and a slightly slowing residential market has shown a recent return to budget. Whether this augurs a cooling of the housing market depends upon the future path of interest rates and the continuing strength of the UK's labour market. At present, house price growth has slowed, according to Nationwide, to an annual rate of 11%, although the last three months only saw 1.2%, according to the latest Savills' survey. Further slowing is likely, although housing values in absolute terms remain underpinned by chronic under supply and, for Aspen customers, a strong demand for well-located improvable stock.

Funding

The growth in loan books at Aspen and Advantage has seen the Group invest £25.5m net of dividend and tax payments during the first half year. As a result, bank borrowings at half year were £154.4m, well within the Group's current £180m medium term facilities. Nevertheless, to accommodate expected future growth in both our businesses in a timely way, a further £30m facility has been agreed with our banking partners since half year end. Gearing for the Group is currently 73% (H1 2021: 61%).

Dividend

S&U's long-standing dividend policy is to ensure that dividends are covered twice by post tax earnings and are sustainable given anticipated trading conditions. In this light we are proposing a first interim dividend of 35p (2021: 33p) followed, as usual by further payments to shareholders in March and July 2023. This first dividend will be paid on 25 November 2022 to shareholders on the register on 4 November 2022.

Current Trading and Outlook

Current trading in both of S&U's businesses is very encouraging. We are of course aware that we live in troubled times. Current economic and political conditions pose potential challenges to overcome, but also opportunities to grasp. As Franklin D. Roosevelt declared at the outset of a much more profound recession 90 years ago, "all we have to fear is fear itself." Whilst rightly more cautious in a less promising economic climate, S&U is equipped with the ambition, experience and determination to prosper."

Anthony Coombs
Chairman
26 September 2022

INTERIM MANAGEMENT REPORT

This interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to S&U plc and its subsidiaries when viewed as a whole.

ACTIVITIES

The principal activity of S&U plc and its subsidiaries ("the Group") continues to be that of specialist finance and in particular secured hire purchase motor finance throughout England, Wales and Scotland and secured property bridging finance throughout England and Wales. The principal activity of S&U plc (the "Company") is as holding company of the Group.

BUSINESS REVIEW, RESULTS AND DIVIDENDS

A review of developments during the six months together with key performance indicators and future prospects is detailed in the Chairman's Statement.

There are no significant post balance sheet events to report.

The Group's profit on ordinary activities after taxation from continuing operations was £17,089,000 (H1 21: £16,154,000). Dividends of £11,304,000 (H1 21: £8,262,000) were paid during the period.

The Directors recommend a first interim dividend of 35.0p per share (2021: 33.0p). The dividend will be paid on 25 November 2022 to shareholders on the register on 4 November 2022.

PERFORMANCE MEASUREMENTS DEFINITIONS

Within our interim results we refer to the following performance measurements:

i) Risk adjusted yield as percentage of average monthly receivables is the gross yield for the period (revenue minus impairment) divided by the average monthly net receivables for the period.

ii) Return on average capital employed before cost of funds is calculated as the Operating Profit divided by the average capital employed (total equity plus Bank Overdrafts plus Borrowings less cash and cash equivalents).

iii) Dividend cover is the basic earnings per ordinary share declared for the financial year divided by the dividend per ordinary share declared for the same financial year.

iv) Group gearing is calculated as the sum of Bank Overdrafts plus Borrowings less cash and cash equivalents divided by total equity.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 10 of these financial statements.

SHARE OPTION SCHEMES

The 2010 Long Term Incentive Plan ("LTIP") share option scheme is now over 10 years old and no further grants can be or have been made under that LTIP.

During the six months, no new options were awarded therefore under the LTIP and no options lapsed. 5,500 options were exercised during the six months. Nil ordinary share options are still held under this plan as at 31 July 2022 (31 July 2021: 5,500 options and 31 January 2022: 5,500 options). In the six months to 31 July 2022 the charge for these future share-based payments was £6,000 (H1 21: £19,000). 10,000 shadow share options are still also held under this plan at 31 July 2022 (31 July 2021: 16,000 options and 31 January 2022: 12,000 options).

Further to a review by the Remuneration Committee, a new Long-term incentive plan allowing shadow share options which can only be cash settled and therefore do not dilute current shareholders, was approved at the AGM in May 2021. Share-based awards are now being made only under that cash settled shadow share option scheme.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the period.

At the date of authorisation of this interim report the directors anticipate that the adoption in future periods of any other accounting standards and interpretations which are in issue but not yet effective will have no material impact on the financial statements of the Group.

CHANGES IN CONTINGENCIES

There have been no significant changes in contingent assets or liabilities since 31 January 2022.

STATEMENT OF GOING CONCERN

The Directors have considered the principal risks and uncertainties set out below and have a reasonable expectation that the Group is well placed and has sufficient financial resources to manage its business risks successfully despite the 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 these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Whilst recovery from the Covid pandemic has continued during the past six months, significant inflationary pressure on real incomes and political uncertainty in UK and Europe have seen falls in consumer and business confidence. S&U recognises these as principal risks for the Group but has the strategy in place and the skills, resilience and experience to mitigate them.

Consumer and Economic risks

The Group is involved in the provision of consumer credit and it is considered that the key material risk to which the Group is exposed is the credit risk inherent in amounts receivable from customers. This risk is principally controlled through our credit control policies supported by ongoing reviews for impairment. The value of amounts receivable from customers may also be subject to the risk of a severe downturn in the UK economy which might affect the ability of customers to repay.

Although the UK labour market employment levels remain strong, pressure on incomes from utility and general price increases partly arising as an indirect impact of the war in Ukraine may have an impact upon customers' repayment performance – particularly at Advantage Finance. Advantage historically has been resilient through adverse macro-economic conditions.

The Group is particularly exposed to the non-prime motor finance sector and within that to the values of used vehicles which are used as security. These credit, economic and concentration risks are principally controlled through our credit control policies including loan to value limits for the security and through ongoing monitoring and evaluation. Recent trends for used vehicles values remain strong but may come under pressure in particular as the supply situation for new vehicles improves.

Our well tried and tested methods will be equally important in limiting risk at Aspen Bridging. Historically impairment rates in this market are extremely low, principally because loan to value calculations are conservative, interest is retained up front, and loan periods are a maximum of one year. The property market in which Aspen operates, although slowing, has seen values continue to rise. Aspen keeps its lending criteria under constant review, to minimise risk and maintain its risk-adjusted yield.

Funding and Liquidity Risk

Funding and Liquidity risk relates to the availability of sufficient borrowing facilities for the Group to meet its liabilities as they fall due. This risk is managed by ensuring that the Group has a variety of funding sources and by managing the maturity of borrowing facilities such that sufficient funding is available for the medium term. Compliance with banking covenants is monitored closely so that facilities remain available at all times. The Group's activities expose it to the financial risks of changes in interest rates and where appropriate the Group considers using interest rate derivative contracts to hedge these exposures in bank borrowings. The Group has no such interest rate derivative contracts currently.

Legal, Regulatory and Conduct Risk

In terms of legal risk, the Group is subject to legislation including consumer credit legislation which contains very detailed and highly technical requirements. The Group has procedures in place and employs dedicated compliance resource and specialist legal advisers to ensure compliance with this legislation. Advantage directors are prominent members of the Finance and Leasing Association's committees and, through them, regularly liaise with the FCA. Regulatory Risk is addressed by the constant review and monitoring of Advantage's internal controls and processes. This process is buttressed by specific advice from trade and other organisations and by the work of our internal auditors.

Whilst engaged in the unregulated sector, Aspen Bridging has adopted procedures which are consistent with those required in the regulated sector. This provides both commercial discipline and provides a platform for standards should Aspen widen its products into the regulated field.

The Group is also exposed to conduct risk in that it could fail to deliver fair outcomes to its customers which in turn could impact the reputation and financial performance of the Group. The Group principally manages this risk through Group staff training and motivation (Advantage is an Investor in People) and through detailed monthly monitoring of customer outcomes for compliance and treating customers fairly.

Risk Management

Under Principle 28 of the 2018 UK Corporate Governance Code, the Board is expected to establish procedures to manage risk, identify the principal risks the Company takes in order to achieve its strategic objectives and to oversee an effective internal control framework. In addition, the FRC now expects Boards to assess emerging risks to the Company's strategy.

Although compliance with the Code is the responsibility of the Board as a whole, risk in particular is independently assessed by members of the Audit Committee. They receive regular reports, both from the management of Advantage Finance and Aspen Bridging and from S&U's external and internal auditors. These concern the effectiveness of the risk management and internal control systems. Executive changes are regularly made to re-enforce these procedures. The Audit Committee oversees the work of RSM, S&U's Internal Auditors. The Committee meets regularly to receive specific reports on RSM's work, which includes cyber security, GDPR oversight and cash management procedures amongst many other areas.

Anthony Coombs, Chairman

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit of S&U plc as required by DTR 4.2.4R;

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Chris Redford, Company Secretary

INDEPENDENT REVIEW REPORT TO S&U PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the interim results for the six months ended 31 July 2022 which comprise the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and related notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim results for the six months ended 31 July 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 (Revised), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1.2, the annual financial statements of the company are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in the half year report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the Company to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half year report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Mazars LLP

Chartered Accountants

30 Old Bailey

London

E1W 1DD Date: 26th September 2022

S&U PLC GROUP
CONSOLIDATED INCOME STATEMENT
Six months ended 31 July 2022

	Note	Unaudited Six months ended 31.7.22 £'000	Unaudited Six months ended 31.7.21 £'000	Audited Financial year ended 31.1.22 £'000
Revenue	2	**49,352**	**42,813**	**87,889**
Cost of Sales	3	(17,911)	(14,216)	(22,891)
Gross Profit		**31,441**	**28,597**	**64,998**
Administrative expenses		(7,954)	(6,875)	(14,208)
Operating profit		**23,487**	**21,722**	**50,790**
Finance costs (net)		(2,597)	(1,778)	(3,772)
Profit before taxation	2	**20,890**	**19,944**	**47,018**
Taxation	4	(3,801)	(3,790)	(9,036)
Profit for the period attributable to equity holders		**17,089**	**16,154**	**37,982**
Earnings per share				
Basic	5	140.7p	133.1p	312.8p
Diluted	5	140.7p	133.0p	312.7p

All activities derive from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31.7.22 £'000	Unaudited Six months ended 31.7.21 £'000	Audited Financial year ended 31.1.22 £'000
Profit for the year	17,089	16,154	37,982
Other comprehensive income:			
Actuarial loss on defined benefit pension scheme	-	-	(6)
Total Comprehensive Income for the period	17,089	16,154	37,976

Items above will not be reclassified subsequently to the Income Statement

CONSOLIDATED BALANCE SHEET

As at 31 July 2022	**Note**	**Unaudited 31.7.22 £'000**	**Unaudited 31.7.21 £'000**	**Audited 31.1.22 £'000**
ASSETS				
Non current assets				
Property, plant and equipment		2,415	2,597	2,455
Amounts receivable from customers	7	197,859	174,489	181,614
Deferred tax assets		90	102	120
		200,364	177,188	184,189
Current assets				
Amounts receivable from customers	7	172,221	131,928	141,301
Trade and other receivables		1,322	1,977	1,739
Cash and cash equivalents		1,142	1	0
		174,685	133,906	143,040
Total assets		375,049	311,094	327,229
LIABILITIES				
Current liabilities				
Bank overdrafts and loans		-	(1,567)	(2,568)
Trade and other payables		(4,087)	(3,721)	(4,347)
Tax liabilities		(965)	(1,778)	(926)
Lease liabilities		(158)	(174)	(174)
Accruals		(1,213)	(687)	(774)
		(6,423)	(7,927)	(8,789)
Non current liabilities				
Borrowings	9	(155,500)	(113,500)	(111,000)
Lease liabilities		(165)	(294)	(243)
Financial liabilities		(450)	(450)	(450)
		(156,115)	(114,244)	(111,693)
Total liabilities		(162,538)	(122,171)	(120,482)
NET ASSETS		212,511	188,923	206,747
Equity				
Called up share capital		1,719	1,718	1,718
Share premium account		2,301	2,301	2,301
Profit and loss account		208,491	184,904	202,728
TOTAL EQUITY		212,511	188,923	206,747

These interim condensed financial statements were approved on behalf of the Board of Directors.
Signed on behalf of the Board of Directors

Anthony Coombs | Chris Redford | Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Six months ended 31 July 2022

	Unaudited Called up share capital £'000	Unaudited Share premium account £'000	Unaudited Profit and loss account £'000	Unaudited Total equity £'000
At 1 February 2021	1,717	2,301	177,011	181,029
Profit for six month period	-	-	16,154	16,154
Other comprehensive income for six month period	-	-	-	0
Total comprehensive income for six month period	-	-	16,154	16,154
Issue of new shares in year	1	-	-	1
Cost of future share based payments	-	-	19	19
Tax charge on equity items	-	-	(18)	(18)
Dividends	-	-	(8,262)	(8,262)
At 31 July 2021	1,718	2,301	184,904	188,923
Profit for six month period	-	-	21,828	21,828
Other comprehensive income for six month period	-	-	(6)	(6)
Total comprehensive income for six month period	-	-	21,822	21,822
Issue of new shares in year	-	-	-	0
Cost of future share based payments	-	-	20	20
Tax charge on equity items	-	-	(17)	(17)
Dividends	-	-	(4,001)	(4,001)
At 31 January 2022	1,718	2,301	202,728	206,747
Profit for six month period	-	-	17,089	17,089
Other comprehensive income for six month period	-	-	-	0
Total comprehensive income for six month period	-	-	17,089	17,089
Issue of new shares in year	1	-	-	1
Cost of future share based payments	-	-	6	6
Tax charge on equity items	-	-	(28)	(28)
Dividends	-	-	(11,304)	(11,304)
At 31 July 2022	1,719	2,301	208,491	212,511

CONSOLIDATED CASH FLOW STATEMENT
Six months ended 31 July 2022

	Note	Unaudited Six months ended 31.7.22 £'000	Unaudited Six months ended 31.7.21 £'000	Audited Financial year ended 31.1.22 £'000
Net cash used in operating activities	8	(29,180)	(7,776)	(2,094)
Cash flows (used in)/from investing activities				
Proceeds on disposal of property, plant and equipment		42	28	93
Purchases of property, plant and equipment		(256)	(180)	(377)
Net cash used in investing activities		(214)	(152)	(284)
Cash flows (used in)/from financing activities				
Dividends paid		(11,304)	(8,262)	(12,263)
Issue of new shares		1	1	1
Receipt of new borrowings		44,500	16,000	25,000
Repayment of borrowings		-	-	(11,500)
(Decrease)/increase in lease liabilities		(94)	(83)	(134)
Net (decrease)/increase in overdraft		(2,568)	272	1,273
Net cash from financing activities		30,535	7,928	2,377
Net decrease in cash and cash equivalents		1,141	0	(1)
Cash and cash equivalents at the beginning of period		1	1	1
Cash and cash equivalents at the end of period		1,142	1	-
Cash and cash equivalents comprise				
Cash and cash in bank		1,142	1	-

1. PREPARATION AND KEY ACCOUNTING POLICIES

1.1 General Information

S&U plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given in note 11 which is also the Group's principal business address. All operations are situated in the United Kingdom.

1.2 Basis of preparation and accounting policies

The financial statements have been prepared in accordance with UK-adopted international accounting standards.

The same accounting policies, presentation and methods of computation are followed in the financial statements as applied in the Group's latest annual audited financial statements. The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the six months ended 31 July 2022.

There is no valuation of S&U's defined benefit pension scheme fund at half year and so no movements are reported in the statement of comprehensive income – such movements are not material due to the small size of the fund which was in surplus at the latest valuation date.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In arriving at this reasonable expectation, the directors have considered the current situation in respect of inflation and cost of living pressures and, in particular, the potential for increased customer repayment difficulties and temporary challenges with asset recovery and realisation at potentially lower residual values as well as operational challenges. Increased repayment difficulties relate to potentially worse customer employment and/or financial situations, potentially mitigated by government support which lowers customer outgoings, as well as being mitigated by the forbearance and experience of our skilled staff. The directors have concluded that the Group has reasonable resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

There are no significant new and amended standards and interpretations which have been adopted in these financial statements.

There have been no changes in accounting policies during the period.

At the date of authorisation of this interim report the directors anticipate that the adoption in future periods of any other accounting standards and interpretations which are in issue but not yet effective will have no material impact on the financial statements of the Group.

1.3 Revenue Recognition

Interest income is recognised in the income statement for all loans and receivables measured at amortised cost using the constant periodic rate of return on the net investment in the loans, which is akin to an effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash flows of the loan back to the present value of the advance and hire purchase interest income is then recognised using the EIR. Acceptance fees charged to customers and any direct transaction cost are included in the calculation of the EIR. For hire purchase agreements in Advantage Finance which are classified as credit impaired (ie stage 3 assets under IFRS9), the group recognises revenue 'net' of the impairment provision to align the accounting treatment under IFRS 16 with the requirements of IFRS 9 and also with the treatment for similar assets in Aspen. Revenue starts to be recognised from the date of completion of their loan – after completion hire purchase customers have a 14-day cooling off period during which they can cancel their loan.

1.4 Impairment and measurement of amounts receivable from customers

There are 3 classification stages under IFRS 9 for the impairment of amounts receivable from customers:

Stage 1: Not credit impaired and no significant increase in credit risk since initial recognition

Stage 2: Not credit impaired and a significant increase in credit risk since initial recognition

Stage 3: Credit impaired

For all loans in stages 2 and 3 a provision equal to the lifetime expected credit loss is taken. In addition, in accordance with the provisions of IFRS 9 a collective provision for 12 months expected credit losses ("ECL") is recognised for the remainder of the loan book. In our Motor Finance business, all loans 1 month or more in arrears are deemed credit impaired and are therefore included in IFRS 9 stage 3. The expected credit loss ("ECL") is the probability weighted estimate of credit losses.

2. ANALYSIS OF REVENUE AND PROFIT BEFORE TAXATION

All revenue is generated in the United Kingdom. Analysis by class of business of revenue and profit before taxation are stated below:

	Revenue		
Class of business	**Six months ended 31.7.22 £'000**	**Six months ended 31.7.21 £'000**	**Financial year ended 31.1.22 £'000**
Motor finance	43,641	38,583	78,898
Property Bridging finance	5,711	4,230	8,991
Revenue	49,352	42,813	87,889

	Profit before taxation		
Class of business	**Six months ended 31.7.22 £'000**	**Six months ended 31.7.21 £'000**	**Financial year ended 31.1.22 £'000**
Motor finance	18,984	18,455	43,682
Property Bridging finance	2,016	1,529	3,414
Central costs income	(110)	(40)	(78)
Profit before taxation	20,890	19,944	47,018

3. COST OF SALES

	Six months ended 31.7.22 £'000	Six months ended 31.7.21 £'000	Financial year ended 31.1.22 £'000
Loan loss provisioning charge – motor finance	6,069	4,868	3,805
Loan loss provisioning charge – property bridging finance	423	223	315
Total loan loss provisioning charge	6,492	5,091	4,120
Other cost of sales – motor finance	10,419	8,345	17,266
Other cost of sales – property bridging finance	1,000	780	1,505
Total cost of sales	17,911	14,216	22,891

4. TAXATION

The tax charge for the period has been calculated by applying the estimated effective tax rate for the period of 18.2% (31 July 2021: 19.0% and 31 January 2022: 19.2%) to the profit before taxation for the six months.

5. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on profit for the period from continuing operations of £17,089,000 (period ended 31 July 2021: £16,154,000 and year ended 31 January 2022: £37,982,000).

The number of shares used in the basic calculation is the average number of ordinary shares in issue during the period of 12,147,624 (period ended 31 July 2021: 12,140,558 and year ended 31 January 2022: 12,142,928).

For diluted earnings per share the average number of ordinary shares in issue has historically been adjusted to assume conversion of all dilutive potential ordinary shares relating to our share option scheme awards. There are currently no such dilutive awards as all share option scheme awards are now cash settled and so the diluted eps is equal to the basic eps.

6. DIVIDENDS

A second interim dividend of 36.0p per ordinary share and a final dividend of 57.0p per ordinary share for the financial year ended 31 January 2022 were paid during the six month period to 31 July 2022 (total of 93.0p per ordinary share). This compares to a second interim dividend of 25.0p per ordinary share and a final dividend of 43.0p per ordinary share for the financial year ended 31 January 2021 which were paid during the 6 months period to 31 July 2021 (total of 68.0p per ordinary share). During the twelve months to 31 January 2022 total dividends of 101.0p per ordinary share were paid. These distributions are shown in the consolidated statement of changes in equity in this interim financial information.

The directors have also declared a first interim dividend of 35.0p per share (2021: 33.0p per share). The first interim dividend, which amounts to approximately £4,253,000 (2021: £4,008,000), will be paid on 25 November 2022 to shareholders on the register at 4 November 2022. The shares will be quoted ex dividend on 3 November 2022. The interim financial information does not include this proposed dividend as it was declared after the balance sheet date and there was no legal liability to pay it at 31 July 2022.

7. ANALYSIS AMOUNTS RECEIVABLE FROM CUSTOMERS

All operations are situated in the United Kingdom.

	Six months ended 31.7.22 £'000	Six months ended 31.7.21 £'000	Financial year ended 31.1.22 £'000
Motor Finance			
Amounts receivable from customers (capital)	373,931	341,736	350,517
Less: Loan loss provision for motor finance	(94,001)	(92,985)	(91,481)
Motor Finance net amounts receivable from customers	279,930	248,751	259,036
Property Bridging Finance			
Amounts receivable from customers (capital)	91,139	58,220	64,525
Less: Loan loss provision for property bridging	(989)	(554)	(646)
Property bridging net amounts receivable from customers	90,150	57,666	63,879
Total net amounts receivable from customers	370,080	306,417	322,915
Analysed as - due within one year	172,221	131,928	141,301
- due in more than one year	197,859	174,489	181,614
Amounts receivable from customers (net)	370,080	306,417	322,915

Analysis of loan loss provision and amounts receivable from customers (capital)

	Not credit Impaired		Credit Impaired		
	Stage 1: Subject to 12 months ECL £'000	Stage 2: Subject to lifetime ECL £'000	Stage 3: Subject to lifetime ECL £'000	Total Provision £'000	Amounts Receivable £'000
As at 31 July 2022					
Motor finance	(29,194)	(576)	(64,231)	(94,001)	373,931
Property bridging finance	(720)	-	(269)	(989)	91,139
Total	(29,914)	(576)	(64,500)	(94,990)	465,070
As at 31 July 2021					
Motor finance	(18,282)	(11,065)	(63,638)	(92,985)	341,736
Property bridging finance	(498)	-	(56)	(554)	58,220
Total	(18,780)	(11,065)	(63,694)	(93,539)	399,956
As at 31 January 2022					
Motor finance	(22,129)	(2,769)	(66,583)	(91,481)	350,517
Property bridging finance	(446)	-	(200)	(646)	64,525
Total	(22,575)	(2,769)	(66,783)	(92,127)	415,042

NOTES TO THE INTERIM STATEMENTS
Six months ended 31 July 2022

8. RECONCILIATION OF OPERATING PROFIT TO NET CASH FROM OPERATING ACTIVITIES

	Six months ended 31.7.22 £'000	Six months ended 31.7.21 £'000	Financial year ended 31.1.22 £'000
Operating Profit	23,487	21,722	50,790
Finance costs paid	(2,597)	(1,778)	(3,772)
Tax paid	(3,761)	(2,616)	(8,749)
Depreciation on plant, property and equipment	254	268	529
Loss on disposal of plant, property and equipment	0	0	13
Increase in amounts receivable from customers	(47,165)	(25,507)	(42,005)
Decrease/(increase) in trade and other receivables	417	(871)	(633)
(Decrease)/increase in trade and other payables	(260)	958	1,584
Increase in accruals and deferred income	439	29	116
Increase in cost of future share based payments	6	19	39
Movement in retirement benefit asset/obligations	-	-	(6)
Net cash (used in)/from operating activities	(29,180)	(7,776)	(2,094)

9. BORROWINGS

Movements in our loans and overdrafts for the respective periods are shown in the consolidated cash flow statement. The period end borrowings have increased to £155m. Committed borrowing facilities were £180m at 31 July 2022 (31 July 2021: £180m and 31 January 2022: £180m) plus at 31 July 2022 we had £7m in overdraft facilities. After the period end total committed borrowing facilities have been increased to £210m.

10. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this report. During the six months the Group made charitable donations amounting to £60,000 (6 months to July 2021: £51,000; year to January 2022: £102,000) via the Keith Coombs Trust which is a related party because Messrs GDC Coombs, AMV Coombs, D Markou and CH Redford are trustees. The amount owed to the Keith Coombs Trust at the half year end was £nil (July 2021: £nil; January 2022 £nil). During the six months the Group obtained supplies amounting to £4,008 (6 months to July 2021: £3,913; year to January 2022: £3,508) from Grevayne Properties Limited, a company which is a related party because Messrs GDC and AMV Coombs are directors and shareholders. The amount owed to Grevayne Properties Limited at the half year end was £nil (July 2020: £nil; January 2021 £nil). All related party transactions were settled in full.

11. INTERIM REPORT

The information for the year ended 31 January 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. A copy of this Interim Report will be made available to all our shareholders and to the public on our website at www.suplc.co.uk and at the Company's registered office at 2 Stratford Court, Cranmore Boulevard, Solihull B90 4QT.