Resolute and Resilient

Annual Report and Accounts for the Year ended 31 January 2024

S&U Annual Report 2024

Founded in 1938, S&U's mission is to provide Britain's foremost motor, property bridging and specialist finance service.

Since 1999 our Advantage motor subsidiary has provided finance for over **250,000** customers. In just seven years, Aspen our new property bridging business has transacted over **£500m** in secured loans.

S&U Mission Statement

In the complex, and ever changing, world of financial services, over the past eighty years S&U's customers have relied on the company for one quality above all- **TRUST**. Trust is the golden seam which runs through everything we do. In practice it means:

In practice it means:

T EAMWORK

In any business the guardians of integrity are its people, and their common pursuit of the highest standards.

R ESPECT

Loving your neighbour is not simply at the core of Christian values, but transcends our behaviour towards everyone whatever their race, gender, religion or personality.

U NDERSTANDING

Valuing every customer must be grounded in a clear understanding of their needs, wishes and circumstances; this guides the service we offer them.

S ERVICE

This is both the product and the proof of our understanding and respect for our customers, each other and our neighbours.

T RUTH

Honesty, integrity and transparency are the best guarantees of the way we treat all with whom we do business. If people trust S&U they will have confidence in the services we provide. The good business which results is our justified reward.

Our Values

Making the customer the heart of our business.

Respect for every customer and always treating customers fairly.

Long term success and sustainable growth depend upon responsible lending and great customer outcomes.

Our Businesses

Advantage Finance

Motor Finance

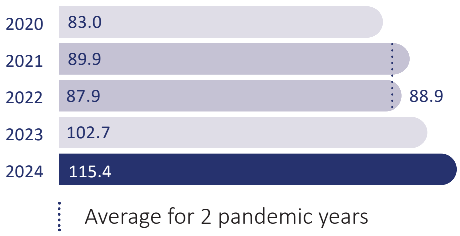
Hire purchase motor finance for over 250,000 customers since 1999.

ASPEN BRIDGING

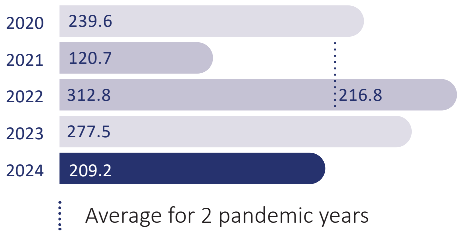
Property Bridging Finance

Launched in early 2017 and grown steadily and successfully since then.

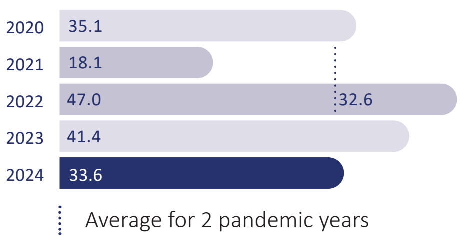
Revenue (£m)



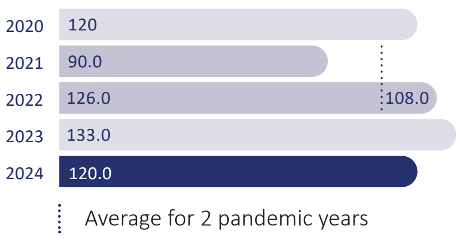
Basic EPS (p)



Profit before tax (£m)



Dividend Declared (p)



Find us online at www.suplc.co.uk

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Group at a glance

Founded in 1938, S&U's mission is to provide Britain's foremost motor, property bridging and specialist finance service. We now have over 65,000 customers and over 200 loyal and valued staff and plans for continued sustainable growth.

Motor Finance

Advantage Finance

Advantage Finance has grown into one of the most progressive and innovative motor finance companies in the country. As active members of the Finance and Leasing Association (FLA), and with representation on the FLA Board, deputy chair of the Motor Finance Division, and chair of the Credit Risk Committee, we punch above our weight in terms of shaping our industry.

Based in Grimsby, Advantage employs over 200 people, and working closely with most of the UK's motor finance Brokers, we have provided hire purchase finance for over 250,000 customers across our great country. We operate within the non-prime sector and have built an outstanding reputation and track record in terms of service to our business partners and customers alike. Funding is invested wisely through a hugely experienced and skilled management team, the majority of whom have been with the company since its inception 24 years ago.

Advantage continues to combine its experience, culture and expertise to thrive during challenging times and deliver for its customers, partners and shareholders. Whilst the motor finance market finds itself operating within an environment of economic and regulatory change, Advantage have succeeded in building new capabilities, expanded distribution, and continued to deliver great outcomes for customers. We look forward to the next step on our long and established journey with a sense of confidence, resilience and focus upon the opportunities ahead''.

Karl Werner
Chief Executive

Property Bridging Finance

Aspen Bridging

Aspen Bridging is now entering its 8th year in the property bridging finance market having successfully established a strong reputation for service excellence in the delivery of quality lending products. Aspen has developed an appealing range of award winning bridging loan products that has a good reach across the market for residential and commercial property as well as sectors such as refinancing, capital raising and refurbishment loans. Aspen can lend up to £10m per deal with an average loan size of circa £900,000. Aspen has continued to strengthen broker relationships, often appealing to them as a one-stop shop for their customer bridging loan needs and positioning ourselves as a respected lender in the property bridging market. As members of the ASTL and FIBA along with promoting our lending propositions at key industry events, Aspen has won three industry awards at the Bridging and Commercial awards. Aspen, based in Solihull, has continued to grow and develop the team of 25 with highly skilled and experienced staff. During the year, Aspen has continued to expand the customer acquisition channels via additional broker networks, added another member of the dedicated broker development team and attended all the key industry forums and financial showcasing events which helps support the continued expansion of the business. Aspen continues on its journey towards being a significant contributor to the future of the Group.

2023 has seen Aspen continue to reach new positive highs with our customer and broker relationships that we have organically grown since our launch in 2017. Having managed through the previous 'mini budget' challenges early in the year the second half of 2023 has been strong. With our tenacity to find good loan deals and our strong product suite we are reaching a wide borrower and broker sector in the bridging market. We have shown that by focusing on delivering a fast, consistent and reliable service for both new and returning customers we can successfully operate in this speciality lending market. We will remain vigilant as always about any emerging market risks but in 2024 we will take quality lending opportunities when they are there. With the ever increasing talent that we have in the Aspen team, maintaining the right product appeal and with our focused determination to succeed we believe that Aspen will continue to build a successful bridging lending business.''

Ed Ahrens
Chief Executive

A1 Chairman's Statement

STRATEGIC REPORT

> As Marcus Aurelius, a second century Roman Emperor and Stoic philosopher once said, "sometimes the art of living is more like wrestling than dancing". Confident in our people, business philosophy and the markets we serve so well, we wrestle on.

Anthony Coombs MA (OXON)
Chairman

Introduction

Times of change and contrasting fortune often bring out the best in people. The past year has been such a time. After a first half which saw profit before tax ahead of both 2022/23 and budget, a combination of prolonged and raised interest rates, a British economy sliding towards recession and, most of all, a flurry of regulatory activity has seen profits for the year as a whole at £33.6m against £41.4m (the highest normalised profit in S&U's history) last year.

Whilst short of the "emerging opportunities" we foresaw a year ago, the results do not do justice to the solid underlying trading of the Group, nor to the sterling efforts of our staff. Working as always together, they will continue to ensure that we shall overcome short-term challenges and restore S&U to its habitual path of steady and sustainable growth.

The strength of S&U's trading is demonstrated by Group revenue this year at £115.4m (2023: £102.7m) and record equity of £234.2m (2023: £224.9m). Customer numbers in both Advantage, our Grimsby-based motor finance provider, and at Aspen our property financier in Solihull, are at a record. So are the Group total repayments they produce of nearly £370m, up 18.5% on 2023. Net receivables for S&U have now reached a best ever £462.9m, and Aspen has recently attained the £500m mark for lending over its seven-year history.

That growth has occurred whilst preserving sustainable quality. Our repayments are one indicator of our historically good relations with our valued customers. Thus, despite what we anticipate to be a temporary hiatus in the last quarter, Advantage live monthly repayments as percent of due finished at 92.1% for the year (2023: 93.6%) with bad debt and voluntary termination write-offs remaining within budget and just under 10% more than last year. Meanwhile, not only were Aspen's profits at a record £4.8m (2023: £4.5m) but its total repayments reached £144.4m for the first time, with just 15 loans beyond term at year end.

Financial Highlights*

	2024	2023
Revenue:	**£115.4m**	£102.7m
Profit before tax ("PBT"):	**£33.6m**	£41.4m
Earnings per share ("EPS")	**209.2p**	277.5p
Group net assets:	**£234.2m**	£224.9m
Group gearing*:	**95.8%**	85.5%
Group total repayments*:	**£369.8m**	£311.9m
Dividend proposed:	**120p per ordinary share**	133p

* key alternative performance measurement definitions are given in note 1.14 below.

Advantage Finance ("Advantage")

The contrast between the very creditable trading record mentioned in my introduction and the results we announce at Advantage can be explained in two ways. The first is a persistently higher level of borrowing costs as books have grown and interest rates remained higher than anticipated. As a result, on Advantage year-end borrowings £18m higher than last year, interest payable has risen by £4.4m for the year as a whole.

Second, and even more significant, there has been an upsurge over the past months in regulatory activity by the Financial Conduct Authority involving inquiries into Advantage alongside, we understand, the majority of firms in the motor lending industry. One such current inquiry is into the linking of interest rates charged to customers to the level of commission paid by lenders to broker introducers. Happily, Advantage is not involved since it has never engaged in this practice which would cut across its long-standing model of matching rate to risk.

However, another FCA inquiry focusing on affordability, forbearance and vulnerable customers has been initiated by the FCA across the industry to ease the perceived burden of a prolonged period of cost-of-living increases. This FCA inquiry has increased Advantage's costs and inhibited both the range of products we offer our customers, and our ability to sensibly help them maintain their loan repayments- which bolsters their future credit rating.

These inquiries should not detract from the underlying strength of Advantage's results and business model. Receivables have reached a record £332.5m (2023: £306.8m) and revenue is up to a record £98.2m (2023: £89.8m). Total new deal numbers were over 21,500, which was on budget. Live monthly repayments were a record £172.1m representing 92.1% of due for the year (2023: 93.6%). Total deal numbers written off to bad debt were 3717 of a total c. 65,000 on the books, under budget, but up 540 on a year ago and 74% of customers were up to date at year end, against 77.6% a year ago.

Those fundamental strengths were not reflected in Advantage's PBT of £28.8m for two reasons. The first is that provisions prudently made on an IFRS9 estimate of future cash flows have increased by £8.2m on last year. Whether these prove overcautious or otherwise will be evident as the year progresses.

The second relates to additional costs incurred as a result of the FCA's inquiries in "professional fees" as well as an increase in base rate driving extra finance costs in Advantage of over £4m on last year. Both are not expected to persist.

More widely than just at Advantage, on an industry wide basis, this recent upsurge in regulation has a number of important characteristics and implications.

Before delving into the specifics, it's essential to acknowledge that S&U endorses the FCA's objectives aimed at enhancing the consumer experience, safeguarding customers from the infrequent but possible negligence within the finance sector and assisting individuals in navigating challenges that may arise during the tenure of their loan. We have consistently maintained that lending is not a win-lose scenario, and believe that transparent, straightforward, and mutually agreed-upon regulations serve the best interests of both the customer and the lender. This perspective aligns with the FCA's additional responsibilities to uphold the integrity of the UK's financial system and to foster competitive practices that benefit consumers. By fulfilling these roles, the FCA, along with other regulatory bodies, can more effectively meet its broader mandate to support the international competitiveness and growth of the UK economy.

This includes efforts to broaden access to credit for all consumer segments, particularly those often categorized as non-prime by traditional financial standards. Such initiatives can stimulate consumption, which constitutes a significant portion of overall demand, thereby driving economic expansion.

> Customer numbers in both Advantage, our Grimsby-based motor finance provider, and at Aspen our property financier in Solihull, are at a record.
>
> **Anthony Coombs MA (OXON)**
> Chairman

In recent years, a notable trend has emerged contrary to expectations. The workforce of the FCA has expanded to 4,289 employees, an increase of 1,100 in the last year, paralleled by a substantial contraction in credit availability. A February report by Clearscore, a data provider and credit scorer, in collaboration with Ernst and Young, highlights a marked decrease in the availability of debt products for non-standard customers over the last twelve years. Specifically, the non-prime market has seen a reduction of more than 30% since 2019. Consequently, Clearscore/E&Y estimates indicate that the number of people whose credit needs are not met has risen from 12 to 13 million in 2018 to 16 to 17 million. This has led to a greater reliance on illegal money lending.

The report by Clearscore and E&Y also notes the inherent challenges in regulation, which must consider the 'fairness' of outcomes for customers in diverse situations. This has been reflected in the FCA's continuous issuance of guidance, including the recent introduction of an outcome-based consumer duty.

This approach, often based on retrospective assessment, introduces a degree of uncertainty regarding customer relationships, which in the case of Advantage, have been established and refined over 25 years. Unintended consequences may include a dampening effect on innovation and the introduction of new products. Furthermore, there has been a notable decrease in industry capital, with Ernst & Young estimating a reduction of £2 billion in recent years, as funders grow cautious due to concerns about repayment reliability.

Additionally, imposing restrictions on customers' ability to address their arrears, in pursuit of comprehensive and sometimes intrusive affordability assessments, may inadvertently lead to a preventable worsening of their credit scores.

Central to ensuring consistent and equitable outcomes for customers is the precise definition of terms such as 'affordability' and 'vulnerability', which are inherently subjective and fluctuate over time, particularly in an inflationary environment where the lines between 'essential' and 'discretionary' spending may become indistinct.

£115.4m
Group Revenue
(2023: £102.7m)

£33.6m
Group Profit Before Tax
(2023: £41.4m)

£234.2m
Group Net Assets
(2023: £224.9m)

In efforts to clarify these critical issues, Advantage actively collaborates with regulators, prioritizing the long-term interests of its customers. The company takes pride in its high customer satisfaction ratings, evidenced by a 4.7 out of 5 score on FEEFO and Trustpilot, and remains committed to offering a spectrum of forbearance options to assist customers facing payment challenges, ensuring they can continue to use their vehicles whenever feasible.

Advantage's strap line for new customers is "We see more than your score" an initial assessment which goes alongside Advantage's traditional aim to improve a customer's credit rating following the successful repayment of their loan. Since a typical 'non-prime' customer has experience of credit arrears and often default in the years prior to application, this is an approach many customers find comforting and valuable as Advantage testimonials show. Almost all can improve their credit score following successful repayment of an Advantage loan.

Preparations for the Consumer Duty at Advantage last summer were thorough. Readiness for the new Duty was overseen by independent legal advisers and then reviewed by RSM, S&U's internal auditors. Moreover, a previous FCA review of affordability at Advantage had been deemed satisfactory.

In response to ongoing concerns regarding the cost of living and its declared objective to "deliver quantifiable consumer benefits," the FCA has launched comprehensive inquiries across the industry, affecting approximately two-thirds of non-prime motor finance companies. In anticipation of the findings, Advantage has consented to specific limitations on its repayment processes. These modifications have temporarily influenced monthly repayments and recovery efforts. However, following constructive dialogues with the regulatory body, these measures are being thoughtfully adjusted to ensure flexibility and effectiveness.

As the motor finance industry transitions to new modes of regulation and evolving assurance of fair customer outcomes, it is to be expected that the mutual learning and understanding between firms and regulator will cause some temporary disruption. In future however, Advantage expects that its long-term experience and humane approach to every customer, irrespective of their background, as evidenced by its industry-leading customer satisfaction and Ombudsman "uphold" rates, will be vindicated and rightly bear fruit.

Finally, I have great pleasure in welcoming Karl Werner as the new Chief Executive of Advantage. Karl has impressed enormously in the few months he has been with us, and his long experience of the finance industry and its regulation, particularly at MotoNovo and Aldermore Bank will make him a distinguished successor to Graham Wheeler.

Aspen Bridging

Aspen has continued its impressive progress. Despite an increase in finance costs of £3.6m, profit this year has reached a record £4.8 m (2023: £4.5m) on revenues of £17.3 m (2023: £12.9m). Net receivables are now £130.4 m (2023: £113.9m) following record deal numbers in the year. As Aspens' reputation amongst the finance broking community grows, so does the quality of deal and customer it attracts. As we foresaw last year, this has meant a continuation of last year's higher £0.9m average loan size, whilst average Loan to Values were under 70%, a small reduction on last year. This reflects high quality security and the more experienced developer/investor customers Aspen now attracts.

This is welcome, given the uncertainty surrounding the housing market, which continues to mirror the wider economic issues of the past two years. Annual UK residential transactions last year were 1 million, about 15% down on the year before. However, as mortgage approvals recover, this is expected to reach 1.1 million transactions next year. Average prices for residential properties, which are Aspens' main security, fell slightly last year but have shown recent signs of recovery. Predictions for the current year range from a 3% average rise at Knight Frank to a 3% price fall from Halifax. Given the prospects for a further fall in mortgage rates and a healthy labour market feeding latent demand, our view is that house prices will rise up to 5% on average this year, and possibly more in the south east, where most bridging activity occurs.

These trends are also reflected in the refinance market which has seen average falls of nearly one percent in both interest and stress test rates over the past six months. All this is reflected in total repayments in the year by Aspen of a record £144.4m (2023: £96.1m). A growing book requires expert supervision, and Aspen has strengthened its risk and recoveries department by recruiting further experience in that area. The capital receivables book of c£133m is high quality. Of 163 current loans, just 15 are beyond term, up just one on last year. Only four properties were in repossession at year end, for which recovery is in progress and adequate provision has been made.

The team at Aspen, based in Solihull in newly expanded offices, has grown to 25 from 21 two years ago. Since Aspen's live book debt has roughly doubled to £130.4m in that period, productivity has substantially increased.

Efficiency measures are carried out quarterly; current trends on all measures are impressive and will be maintained.

Staff are encouraged into CPD; partly as a result, staff turnover has remained low and morale high. Aspen runs a female-managed football team, predictably 'Aspen Villa', promoted last season. Regular staff excursions and celebrations occur, most recently to mark £500m of lending. Momentum is being maintained with current lending at over £15m per month. Since its launch in 2017, Aspen has more than met S&U's expectations, and great things are expected of it in the future.

Dividends

Whilst recognising its primary responsibilities to its shareholders, S&U has always sought to balance the interests of all its stakeholders. This year's fall in profit together with our wish to protect our loyal staff from recent increases in the cost of living has made this a particularly delicate one this year.

Thus, except for senior directors, average salaries this year have matched the rate of inflation, with more for living wage earners. Higher base interest rates have cost the Group an additional £8m this year, and our incoherent Government have raised the rate of corporation tax by nearly a third.

Taking all this into account, subject to the approval of shareholders at our AGM on 6 June, the board proposes a final dividend of 50p per ordinary share (2023: 60p). This will be paid on 12 July 2024 to the shareholders on the register on 21 June 2024. Total dividends for the year will then be 120p per share (2023: 133p).

Funding and Treasury

Our confidence in S&U's business strategy, in our customers and the market we serve has been reflected in the additional £32m invested in our businesses over the past year. Net borrowings at year-end was £224.4m (2023: £192.4m). Current Group gearing therefore stands at 95.8%, well within banking covenants and S&U's traditionally conservative risk appetite. The first half of the year saw Group funding facilities increase by £70m, excluding overdrafts, to £280m from our funding partners, comfortably in excess of our anticipated requirements until 2026. In the meantime, we budget for the current Bank rate, but hope for speedy reductions and a more growth-friendly approach from the Bank of England.

Governance and Regulation

The recent period of modest economic growth, alongside political uncertainties, has heightened awareness of the critical role that corporate sustainability and profitability play in any functioning free-market system. This shift in focus has even led figures like Larry Fink, who was once a staunch advocate for corporations in the United States, to reconsider the overriding importance of the Environmental, Social, and Governance (ESG) agenda.

S&U's extensive experience in engaging with respectable individuals, who may not have flawless credit histories, predates the establishment of the FCA by seventy-five years. While acknowledging that the commercial landscape evolves, my stance has been consistent on two fronts.

Firstly, I believe that in organizations where Christian and family values are at the core, such as S&U, there is a natural alignment between commercial pursuits and consumer protection. History has shown that a well-regulated free-market system is unparalleled in enhancing welfare and living standards.

Secondly, S&U has always been a proponent of the critical role the FCA plays in ensuring fair treatment for consumers. Nonetheless, for the markets serving these consumers to remain stable and competitive, ensuring access is paramount. Without this, numerous vulnerable consumers might find themselves resorting to unregulated, and potentially illicit, lending options—a scenario diametrically opposed to the expectations of a civilized society.

S&U's commitment to such a society is evidenced in part by the community activities in which our employees are involved. At Group level this year saw the tenth anniversary of the Keith Coombs Trust, named for my father and former chairman. The Trust focuses its work on children and young people with all kinds of disability- mental, physical and emotional. Through charities in Birmingham, London, Kidderminster and in Africa and India, it funds and promotes work for those who are unable to help themselves.

Finally, in challenging times we should remind ourselves that sustainable success depends upon happy and satisfied customers and the people who serve them. The past six months have not been easy and I pay tribute to all of them; and also, to Graham Wheeler who, over the past four years has led Advantage through COVID, a cost of living crisis and regulatory change. On his retirement, I am pleased that he has now agreed to join S&U's board in a non-executive capacity.

Current Trading and Outlook

Enthusiastic and supportive customers underpin S&U's long success and guarantee its future. Current trends, both at Advantage and Aspen, prove that S&U has an abundance of these and trading since our year end is encouraging. Of course, challenges remain. As Marcus Aurelius, a second century Roman Emperor and Stoic philosopher once said, "sometimes the art of living is more like wrestling than dancing". Confident in our people, business philosophy and the markets we serve so well, we wrestle on.

Anthony Coombs
Chairman

10 April 2024

A2 Strategic Report

Overview

The directors are required to publish a Section 172(i) statement showing how they have fulfilled their duties under the Companies Act 2006.

How S&U's directors do this is set out below in our Strategic and Business Review (A2), our Corporate Social Responsibility Review (A4), our Chairman's Statement (A1) and our Governance Section (B3). The Board has reviewed these documents, how they describe the company's decision-making processes and the issues which most inform S&U's business strategy. Specific examples of how the process works have been provided. As a result, the Directors are confident firstly, that the report fully covers areas of relevant disclosure such as on Strategy, Employees, Stakeholders, Suppliers, Customers, Community and Ethics and secondly, that the extent of these disclosures is consistent with the size and complexity of the business.

A2.1 Strategic Review

S&U's purpose and vision is to maximise profit and returns to its shareholders in a sustainable and responsible way. This provides security for our employees, fairness for our customers, credibility for our financial and other partners and, ultimately, the ability to enhance the communities and environment in which we live, and therefore fulfil our ESG responsibilities. S&U have set up an ESG committee under my chairmanship to progress these important matters.

S&U operates in two areas of specialist finance. The first and most established is Advantage Finance, based in Grimsby and engaged for the past two decades in the non-prime sector of the motor finance business. During those 24 years the remarkable success of Advantage in producing competitive finance products, lent responsibly and with excellent customer service has been reflected in an excellent profit record. This long experience has enabled Advantage to gain a significant understanding of the kind of simple hire purchase motor finance suitable for customers in lower and middle-income groups. Although decent, hardworking and well intentioned, some of these customers may have impaired credit records, which have seen them in the past unable to access rigid and inflexible "mainstream" finance products. Advantage provides transparency, simplicity, clarity and suitability to both service and product, which these customers require.

As a result, Advantage currently now receives over 2m unique applications a year and has written over 250,000 customer loans since starting trading in 1999. The loans have an average original term of 4.5 years. This year the Financial Conduct Authority produces one of the biggest overhauls of its regulatory approach to the financial services industry for many years. In addition to the now fifty-year-old Consumer Credit Act, a raft of secondary legislation and regulatory controls over the past 20 years have now all been encapsulated in the new Consumer Duty regime, which became operational from July 31.

This "paradigm shift" represents a major part of the FCA's 2022 – 2025 strategy and extends the principle of consumer protection from their initial treatment, including underwriting, communication and product design, to a wider concern with "good outcomes for retail customers". At present these outcomes are not subject to unequivocal definitiion and, given the longevity of some finance agreements, will be difficult to both interpret and monitor in the future. This year, such difficulties have been focussed on forbearance, particularly due to the FCA's understandable concern about the sustainability of customer repayments given the prolonged cost of living pressures they are experiencing. Vulnerable customers are another area of understandable concern, but one where the definition of 'vulnerable' can cover a multiplicity of economic, social and emotional circumstances. Some estimates have up to 16 million people classified as vulnerable in the UK today. Nevertheless, vulnerable customers have to be recorded and accorded a different repayment treatment and the company's policies for doing so must be laid down, wherever possible, in advance.

Of course, Advantage have responsibly embraced the new consumer duty and will further work with the regulator to make it effective in practice. First, because it is right to do so and second, since it will give well organised companies like Advantage a commercial advantage over those who are not. Advantage is currently working with the regulator and a company appointed 'skilled person' to do so.

The success of Advantage, our motor financier, depends as ever upon three fundamental strengths. First, is the enduring reliability of the UK motor market. Enduring does not mean unchanging, since finance and leasing association figures show that the used car consumer finance market fell by 5% in the year to 31 January 2024 the value of the market for each of the last 5 years has been over £20 billion and the outlook for 2024 is for single digit growth.

Nevertheless, the used car market is not homogeneous, The Government set ambitious targets for a ban on the sale of new internal combustion engine cars by 2030, although these have sensibly been put back to 2025, to be replaced by electric vehicles and hybrids. Although Advantage agrees that the proportion of electric vehicles in the UK "car parc" may reach 30% by 2030, electric vehicle sales are largely confined to socio economic groups outside those we serve. Thus, Advatnage provided finance for 80 such cars last year, five times that in 2022 but a very small proportion of the 21,565 total. Althought the proportion of EVs in the new car market is predicted to grow to 26% by 2025 from about 12% in 2023, petrol will still constitute at least 46% then. Even that level of EV growth will depend on supply constraints, cost and confidence in recharging points. Currently about 98% of the UK Used car finance market involves petrol or diesel vehicles.

Advantage's second strength is its experienced, sensitive and sophisticated under-writing. Backed by ever more customer historical information; Advantage uses this forensically to analyse the likely circumstances of actual and potential customers. This year it has adopted greater use of ever more granular household information to improve its already sophisticated customer affordability process. The improvement in affordability monitoring during the life of the agreement has been helped by greater use of open banking and of income and expenditure surveys, although the completion of these detailed surveys and what expenditure is classified as essential can be difficult and is not helped by understandable customer reluctamce to reveal every nook and cranny of their budgets.

Advantage's third great strength is to recognise that supplying the right product to reach the customer at the right time is just part of its service. It also collects its payments responsibly. Advantage has always regarded its relationship with its customers as a partnership. This involves understanding the more sensitive and frequently changing circumstances of those in the non-prime sector. It has recently been required to demonstrate this to the FCA, as part of the latter's work on forbearance. Although the UK labour market remains strong, rising cost of living pressures mean that well intentioned customers ocassionally require knowledgeable assistance, particularly should their financial buffers reduce. Our team at Advantage produce excellent results by being trained and empathetic to the needs of their customers. Collecting and default figures demonstrate this and will now be supplemented by regular reporting of softer performance measures. These will include more data on vulnerable customers and the success of forbearance arrangements in restoring and improving customers' repayments and credit scores. They underpin our responsibility under Consumer Duty and are integral to Advantage's commercial success.

Whilst lending is on a fully secured basis, debt quality at Aspen, our property bridging lender also relies on the experience and reliability of the borrower as much as on the value of the property being financed. Notwithstanding this, under pressure from the cost of living and persistently higher interest ratesrising interest rates the housing market in the UK has undoubtedly contracted slightly over the past year. Although the pessimistic forecasts for UK average house price decline of 5% were wrong, prices did end the year 1.8% lower than the year before. In addition, transactions were still 10% down on pre-pandemic levels. Although both trends showed

signs of abating at the end of the year, the proportion of take-home pay required to sustain and average mortgage remained at an historically high 38%.

Aspen values its security properties very conservatively and keeps gross LTV's to an average 70% and the business now only considers experienced borrowers from the top three quality bands. Such caution is justified. However, demand from good borrowers remains high and hence Aspen plans a slightly accelerated rate of growth this year.

"Mainstream" banks, including the newer "challengers", continue to lack the speed, flexibility and appetite to furnish the smaller, short-term loans in which Aspen specialises. Recent consolidation and instability in the challenger banking sector is evidence of this and again shows that, technology, speed and a quality bespoke service – as well as price – are what give smaller entrants like Aspen their competitive edge.

An over-arching factor in the success of our business over 80 years and through three family generations of management is our business philosophy. The identity of interest between management and shareholders has fused our ambition for growth with a conservative approach to both credit quality and funding.

A2.2 Business Review

Operating Results

	Year ended 31 January 2024 £m	Year ended 31 January 2023 £m
Revenue	**115.4**	102.7
Cost of Sales – Impairment	**(24.2)**	(13.9)
Cost of Sales – Other	**(22.8)**	(23.6)
Gross Profit	**68.4**	65.2
Administrative Expenses	**(19.8)**	(16.3)
Operating Profit	**48.6**	48.9
Finance Costs	**(15.0)**	(7.5)
Profit before Taxation	**33.6**	41.4
Taxation (note 11 in the accounts)	**(8.2)**	(7.7)
Profit after Taxation	**25.4**	33.7

Please note the businesses use financial and other key performance indicators such as new deal volumes and other alternative performance measures set out in A2.1 and A2.2 within this Strategic Report – definitions for the alternative performance measures are given in note 1.14 to the financial statements.

Please also note that government increased the headline rate of corporation tax from 19% to 25% in April 2023.

Advantage Motor Finance

- PBT £28.8m (2023: £37.2m)
- New transactions 21,565 (2023: 23,922) at £8,158 average advance (2023: £7,799)
- Revenue up 9% to £98.2m (2023: £89.8m)
- Impairment at £23.3m (2023: £12.9m) reflecting an increase in customer arrears in H2 this year
- Administrative expenses increased by 25% relecting continued staff cost inflation and an extra £1.5m spent on regulatory costs this year
- Net receivables at yearend up 8% to £332.6m (2023: £306.8m)
- ROCE at 12.7% (2023: 15.7%) (note 1.14)

Whilst Advantage's fundamental business performance remains stable and impressive, its second half performance has been affected by a combonation of customer cost of living pressures and increased regulatory activity. This has led to what is anticipated to be temporarily higher professional, provisioning and operating costs, which together with higher funding costs have led to a profit shortfall for the year as a whole. Discussions and operational changes are being made to ensure that having built greater capabilities and increased capacity following this engagement, this profit hiatus is kept as short as possible and Advantage are then positioned for renewed profit growth.

Aspen Property Bridging Finance

- PBT at £4.8m (2023: £4.5m)
- 164 new transactions (2023: 148) at £881k average gross advance (2023: £905k) and lower LTVs
- Revenue up 34% to £17.3m (2023: £12.9m)
- Net receivables at yearend up to £130.4m (2023: £113.9m).
- Book quality good with a record 142 loans repaid or recovered this year

Aspen's has continued to make excellent but careful progress in a fluctuating and still subdued housing market, affected by continued high interest rates and persistently high mortgage costs as a proportion of average incomes. Both are expected to improve in 2024. In the meantime, Aspen produced a record £4.8m profit before tax for the year ended 31 January 2024 (2023: £4.5m) with a best ever return on capital employed before costs of funds of 10.5% (2023: 8.9%).

The Aspen team continues to expand its capabilities and Aspen's reputation amongst the property bridging broking community continues to burnish. It has further tightened its valuation and underwriting processes and still insists every property upon which Aspen lends for security is personally visited by a member of the team. As a result of these strengths, further steady and sustainable growth is anticipated in the coming year.

A2.3 Funding and Balance Sheet Review

S&U has a strong balance sheet which has facilitated the group total assets growing during the year from £428.2m to a record £466.8m to take advantage of good lending opportunities. As a result, gearing increased from 85.5% to 95.8% which is still low for a financial servies group. S&U net group borrowings are £224m within S&U's medium-term facilities which were increased from £210m to £280m during the year with its excellent, loyal and constructive funding partners.

A2.4 Principal Risks and Uncertainties

Whilst Corporate Governance guidelines, and the loan loss provisioning insisted upon by International Financial Reporting Standards require macro-economic forecasts, a feeble British economy now technically in recession, current inflationary trends, a continuing war in Europe and now an impending general election with a probable change of government make this a virtually impossible task. Against such an uncertain background, S&U has maintained its historically cautious attitude in its three-year forecasts.

A2.4.1 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.

A febrile economic climate, wars in Ukraine and possibly a widening one in the Middle East and forthcoming elections in both the UK and USA have recently continued to adversely impact the economy and cost of living inflation including energy and fuel costs may lead to more motor finance repayment delinquency. However, both of our businesses operate solely in the UK and Advantage historically has been resilient through adverse macro-economic conditions and so we currently believe these risks are limited.

The Group is particularly exposed to the non-prime motor sector and within that to the market risk of the values of used vehicles which are used as security. This risk is controlled through our credit control policies including loan to value limits for the security and through ongoing monitoring and evaluation. Loan to values are also controlled within our property bridging business although historically impairment rates in that market are low, mainly because loan to value calculations are conservative, interest is retained upfront and loan periods average around one year.

A2.4.2 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 is aware of current less stable banking markets but due to its facility maturities and low gearing should be relatively unaffected by this. The Group's activities expose it to the financial risks of changes in interest rates and where appropriate the Group uses interest rate derivative contracts to hedge these exposures in bank borrowings- the Group has no such interest rate derivative contracts currently. However, current interest rate levels have prudently been expected to continue throughout this year in our budgeting assumptions.

A2.4.3 Legal, Regulatory and Conduct Risk

The Group is subject to legislation including consumer credit legislation which contains very detailed and highly technical requirements. To fulfil its responsibilities in this area, 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. Advantage also engages in regular "face to face" liaisons with the FCA and the relationship is excellent.

Regulatory Risk at Advantage is addressed by a strong compliance function and by the constant review and monitoring of Advantage's internal controls and processes, overseen by RSM, S&U's internal auditors. This process is buttressed by specific advice from Trade and other organisations, by RSM and by Shoosmiths, Advantage's specialist lawyers.

Keith Charlton is Chief Risk Officer of Advantage and plays a key role in managing and mitigating legal, regulatory and conduct risk within Advantage. Keith has over 30 years of motor finance experience and his colleague Alan Tuplin who is the Chief Credit Risk Officer has over 20 years of experience in non-prime motor finance and both have had significant involvement with the work of our trade body the finance and leasing association.

This year Advantage implemented the consumer duty as required by 31 July 3023. This year has also seen an upsurge in regulatory activity by the FCA involving inquiries into Advantage as well as, we understand, into the majority of firms in the specialist motor lending industry. into Advantage as well, we understand, as into the majority of firms in the specialist motor lending industry. One such current inquiry is into the linking of interest rates charged to customers to the level of commission paid by lender to broker introducers. However, Advantage has never engaged in this practice which would cut across its long-standing model of matching rate to risk. Another FCA inquiry focusing on affordability, forbearance and vulnerable customers has been initiated by the FCA across the industry to ease the perceived burden of a prolonged period of cost of living increases. Undoubtedly this FCA inquiry has increased Advantage's costs and inhibited both the range of products we offer our customers, and our ability to sensibly help them maintain their loan repayments- thus bolstering their future credit rating. This year has also seen an increase in the number of complaints to Advantage reaching the Financial Ombudsman Service at 732 versus 146 last year, with most of the increase relating to the activities of claims firms and claims lawyers targeting Advantage with meritless commission and affordability themed complaints which have caused both a strain on the business as well as an unnecessary additional cost of £750 for each case. The proportion of these complaints which are upheld continues to be very low and one of the best in the industry with an uphold rate of only 16%, they still take valuable resources to deal with and we welcome moves to bring in a fee for claims firms which should make them at least think about the merits of the claims they are making.

Given Advantage's compliance record and the detailed operations above it is to be hoped that, in turn, the FCA will ensure an absolute clarity and identity of interpretation between itself and other regulators, particularly the Financial Ombudsman Service. Fair and effective regulation does require co-ordination and consistency.

Aspen Bridging operates in the unregulated bridging sector aimed at professional borrowers. It nevertheless operates high lending and operational standards and procedures, which are also subject to review under our internal audit program. As required for companies in this sector, it has also registered with FCA for Anti Money Laundering purposes.

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.

The Group is very proud of its excellent underwriting and fraud deterrence processes which it continues to develop. Advantage's underwriting capability, already state of the art in the motor finance industry, is being further refined through work with open-banking providers which will give an even more comprehensive overview of customer circumstances, affordability and their income and expenditure.

A2.4.4 Operational Risk

The Group is also exposed to operational risk including the risk of not maintaining effective internal systems, organisation and staffing. Increased use of technology and excellent application by our staff has helped the management of this systems risk and the Company has Cybersecurity measures in place which are regularly tested. As part of Advantage's IT governance framework, a real time monitoring suite for quality assurance is being evolved. This will both provide absolute assurance in line with IT's second line risk enterprise and offer still greater regulatory transparency.

A2.4.5 Risk Management

Under Provision 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, which during the year were determined by the Audit Committee to be operating effectively.

As outlined above, 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. The Committee also recently received and approved a report on Governance at Advantage. All Senior Management Regime designations include S&U Board executive directors who serve on the Advantage board.

Finally, Advantage's former Chief Executive and main Board member, Graham Wheeler was Vice-Chairman of the Executive Committee of the FLA and is regularly requested by the Government on advice on regulatory matters, particularly in the environmental field. We are pleased to note that his vast experience of regulation in the motor finance field will continue to be available to the Group through his new role as a non-executive director.

A3 Statement of Viability and 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, borrowing facilities, legal and regulatory risk position are set out in the financial statements and Strategic Report.

Statement of Viability

In assessing the viability of the Group as required by the UK Corporate Governance Code, the directors considered funding, business planning, financial forecasting and risk evaluation cycles and concluded that a three-year period was appropriate for viability assessment. The three-year period is consistent with the Group planning horizons.

The directors therefore considered the three-year period commencing 1 February 2024 and assessed the prospects of the company considering:

- the Group's current position as set out in these financial statements;
- the principal risks facing the Group as set out in A2.4;
- information regarding the current prospects of the Group; and
- current information regarding the economy and the markets the Group is involved in.

The directors then considered the same three-year period commencing 1 February 2024 to consider as required if they had a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period taking into account:

- the impacts of different macroeconomic scenarios and whether any severe shock could threaten the Group's future performance, solvency or liquidity;
- funding and financial forecasts for this period and the underlying assumptions by considering the potential impact of the principal risks facing the Group, as set out in A2.4.
- analysis of key sensitivities which could affect profitability during the viability period; Assumptions made are clearly stated and additional scenarios are modelled to demonstrate the potential impact of risks and uncertainties on profitability and funding; and
- information regarding mitigating actions which can be taken.

Having considered all relevant information, the directors confirm that they have robustly assessed the principal risks facing S&U plc. From this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period commencing 1 February 2024.

Statement of Going Concern

In assessing the appropriateness of the going concern assumption, the directors are mindful of the need to effectively manage the Group's risks and internal controls. Details of the Group's financial risk management objectives, its financial instruments, and its exposures to credit risk, market risk, liquidity risk and economic risk are set out in the notes to the financial statements and in the principal risks and uncertainties noted in A2.4 above. The Group's objectives, policies and processes for managing its capital are described in the notes to the financial statements.

In considering all of the above 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 of at least 12 months from the date of approval of the financial statements.

Our Customers

CASE STUDY

Advantage Finance

Mr Y

Mr Y is currently living with his partner in rented accommodation and is employed as an HGV driver, where he takes home £2265 each month.

Mr Y is an existing customer requesting finance for the purchase of a Jaguar XE. Mr Y wanted to part exchange his previous car which he had financed with Advantage on 25 February 2022. Although there were problems initially with the length of the agreement and settlement of the existing finance we were able to assist with the customer contributing additional funds. The assessment included a full appraisal of the customer's existing credit and a separate affordability assessment which confirmed the loan was affordable. Additionally, due to the age of the customer and the possibility he may retire in four years' time, we limited the term to 42 months.

Mr Y was grateful for the help we gave him to secure the new vehicle and took the time to review his purchasing experience through an online review site and was clearly happy with the service he received from Advantage, leaving the following comments as part of a 5-star review.

"From the time I called Advantage, Bayley handled my refinance deal and worked hard to get the right result, Bayley made me feel like I was a top priority customer and got the deal over the line from start to finish I was made to feel that I had no problems gaining refinance First class job and service. I will definitely recommend Advantage finance to friends as I've used them before. Top job"

Our Customers

CASE STUDY

Mrs A

Mrs A is married, living with her husband and is currently working as a Manager for a large bedding company, where she takes home £2050 per month.

Mrs A has had three previous agreements with Advantage Finance which were well paid. Her previous agreement was unwound due to some issues with this car, thus enabling her to purchase a Hyundai Tucson with a purchase price of £13,794. Mrs A was very happy with the service we provided over the last decade in helping her finance her vehicles. She kindly wrote a review on Trust Pilot awarding us 5 stars.

“Ellie has been extremely helpful throughout the entire process. She has kept in touch with us and updated us throughout the process. We have been with Advantage finance for nearly 10 years now. We’ve have not any bad experiences with them so far. Thank you Ellie for all your help.”

Our Customers
ONLINE TESTIMONIALS

Excellent service
This is the second time I have needed to call and both times I have received the best customer care and service from any company I have ever used. The advice given was precise and delivered by happy and competent staff on both occasions.

Date of experience:
17 January 2024

Very supportive and understanding
Very supportive and understanding, Advantage Finance have been excellent with me throughout my finance which I took out just before pandemic and found myself in a very difficult situation. However, with their help and understanding, I'm nearly at the end of my contract. I definitely recommend them and great service again today!!

Date of experience:
16 January 2024

We have today collected our new…
We have today collected our new vehicle; found & financed by Advantage Finance. We couldn't be happier!! A big Thank you to Bayley Lammin for all his assistance throughout. Bayley didn't just arrange the finance, he helped find our exact car requirements. Everything was signed over within 2 days.

I would highly recommend Advantage Finance, they really do go the extra mile.

Thank you again

Date of experience:
01 November 2023

Our Customers

CASE STUDY

Mrs W

Mrs W is working as a Nightshift Supervisor, she is divorced and is currently a council tenant for the last 8 years. Mrs W takes home £2000 per month.

Mrs W has a previous agreement with Advantage Finance which was well paid. Her previous agreement was settled following an insurance claim when the vehicle was written off. We carried out a credit search and an affordability assessment to ensure that any new agreement would be affordable for her. Mrs W chose a Skoda Fabia with a purchase price of £5,858. There was an error in the mileage originally proposed on the replacement vehicle which resulted in an additional sum to be paid as a deposit. We negotiated with the seller and agreed they would reduce the price of the vehicle to make the finance fit. Mrs W was very happy with the service we provided from assisting in the insurance settlement of the previous agreement and setting up of the replacement. She kindly wrote a review on Trust Pilot awarding us 5 stars.

Advantage Finance

“Phoebe was absolutely fantastic. She informed me of everything I needed to know. Excellent service and everything was sorted very quickly and smoothly. I would recommend this company to everyone I know with their fantastic customer service. Thank you so much. Phoebe is an excellent member of staff, a true asset.”

Our Customers

CASE STUDY

14-Day Completion for Foreign Client using Remote Signing

Aspen Bridging stepped in to assist an American foreign-national secure their latest high-end London investment property thanks to a £1.75m facility, completed in just 14-days and at a loan-to-value of less than 25%.

The financing of the £7.5m purchase for the 3,028 square foot four-bedroom luxury apartment in Kensington was further speeded through the use of Aspen's bespoke remote signing process.

Thanks to Aspen's clear and transparent lending-process we managed to secure a short-term loan facility for a High Net Worth foreign investment client on very short notice with underwriting completed within a week and full completion delivered within the fortnight."

Broker Review

Our Customers

CASE STUDY

Dev-Exit in 20 days on Stepped Product

Aspen finalised a rapid £1,650,000 Development Exit bridge at 80% LTV when an experienced developer required a quick release of equity after a proposed sale fell through at the eleventh hour.

Having been satisfied that the two new build 4-bedroom houses represented good quality security Richard Coombs ensured the deal was finalised in just 20 days on Aspen's Stepped Rate product which meant the developer could re-market the properties and have a controlled sales strategy.

"We needed a quick development exit loan for a client who needed time to sell two luxury new-builds with plenty of purchaser interest. Aspen worked with myself and the client to ensure we got the loan done in time. Their can-do attitude and desire to lend got the client what he wanted in both speed and leverage. Thanks again guys!"

Broker Review

Our Customers

CASE STUDY

Bridge-to-Let with Additional Comfort Charge on 2nd Property

Aspen Bridging's award-winning Bridge-to-Let Product made perfect sense for a developer client who sought a bridging solution to complete the finishing touches on their six-bedroom detached house in Twickenham. With their development facility due for redemption, Aspen's 2-year product allows them time for the market to recover in the aftermath of the brief Truss government to then execute a more lucrative and structured sales process.

Aspen's conservative approach to lending saw them take further security on a 2nd property in order to allow for sufficient rental coverage to meet the stress test that Aspen demands enabling the £2.1m bridge to complete.

"Aspen understood the deal circumstance and swiftly restructured the loan to include a comfort charge on an additional property whilst organising rapid security visits to do so. They took a commercial and common-sense approach throughout and we could not be happier with the result."

Broker Review

A4 Corporate Social Responsibility

A4.1 Employees

Time of change and contrasting fortune often bring out the best in people and the magnificent way our staff throughout the Group have adapted to the challenges of the past year, reflect the loyalty and "family ethos" at S&U of which we have always been proud. Those colleagues who feel in need of further support and counselling are able to access mental health services.

We ensure that all staff receive appropriate initial training and regular re-training in the field and in areas of specialism. We encourage employees to gain professional qualifications where appropriate. For instance, at Aspen this year we are supporting a number of members of staff to complete professional qualifications including a Masters in Real Estate, Level 3 Certified Practitioner in Specialist Property Finance (CPSP), RICS Commercial Valuation Methodology, RICS Residential Valuation Methodology, RICS Development and Pluralsite.

As part of employee engagement, Aspen also field a football team 'Aspen Villa' in a local Solihull league.

At Advantage in addition to regular external management and specialist training, significant use is made of the Government's apprenticeship schemes. During the last business year, 4 employees completed their level 3 Apprenticeships in either Business Administration or Digital Support Technician and we currently have a further two level 3 apprenticeships ongoing.

We also supported staff to complete a number of professional qualifications during the year including AAT Level 2 & 3, Level 3 Team Leader Apprenticeship, CiLex Legal Executive Foundation and Level 2 Team Leader. Ongoing professional qualifications include CIPD in HR Practice Level 3 & 5, AAT Level 4, CiLex Legal Executive Advanced, Level 5 Team leader Apprenticeship.

Our average length of service at Advantage is 7 years, with 28% of staff having over 10 years' service.

In order to better support our staff's work life balance, 35 requests for flexible working were submitted by staff and 34 of these were approved as requested. These include changes to working location, such as hybrid working, or a change to the number of hours work or their working pattern.

The FCA Regulatory regime is now centred on our duty to the Customer. All employees within the Group are required to demonstrate appropriate knowledge and skills particularly in customer facing roles. Over 1600 individual training courses were completed by staff over the year, these include internally developed training and a wide range of externally provided through FLA, FCA, MBL Seminars, ACAS, .Net and SAF for example.

Annual appraisals highlight areas of training needs for all employees. Advantage Finance is also an accredited Silver Investor in People.

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. It goes without saying that a Group based on a family ethos has no truck with discrimination of any kind – except of course on the basis of performance. Further equality and diversity information is contained in the corporate governance report on page 55. People prosper and are promoted within S&U purely on merit. As required by legislation, we confirm that as an organisation, we respect and recognise human rights in all aspects of our business.

Formal reviews of performance take place annually and all operations are reviewed on a monthly basis. We encourage staff to make suggestions for constructive change within the Group.

A4.2 Community

Our success at S&U depends upon our understanding the customers we serve. Where this may not be the case, we have well established policies for any who may wish to complain, routed to our Complaints Department in Grimsby or to our head office in Solihull. We are proud to enjoy high levels of customer satisfaction. Last year our FEEFO and Trustpilot ratings were both 4.7 out of 5. In year to 31 January 2024, 357 out of 424 (84%) complaints were decided by the Financial Ombudsman Service in Advantage's favour (year to 31 January 2023: 55 out of 66 or 83%) and these levels of favourable complaint adjudications for Advantage represent the highest level versus peers in the non-prime motor finance sector. S&U supports its wider community through charitable giving and activities relating to fundraising. Whilst staff are regularly involved in their own charitable activities, S&U plc channels its philanthropic activities through The Keith Coombs Trust which this year celebrates its 12th anniversary. The Trust which Anthony Coombs chairs, but which has a Board of independent trustees, mainly gives to charities helping children with disabilities. Amongst other causes, last year the Company supported The National Institute for Conductive Education, which deals with adults and children with cerebral palsy, strokes and head injuries. It is also working with Whizz-Kidz to provide equipment for disabled children and to offer employment opportunities to wheelchair users. The Trust also supports the Marie Curie Hospice which is close to its Solihull HQ, by sponsoring the Hospice's costs for the 10th January every year – Keith Coombs birthday. During the past year the KC Trust donated a total of £117,500 to these charities. In total, the past 12 years will have seen donations of over £1m to charity.

As an independent charity, The Keith Coombs Trust also makes financial contributions to the arts, to sport and in supporting the Christian faith, including initiatives such as Dancetrack at the Birmingham Royal Ballet that encourages young children with disabilities. The trust continues to support the Emily Jordan Foundation in its work with people with learning disabilities, giving them a change of rewarding work. It supports charities abroad for Albino people being prosecuted in Malawi and Emergency Services Aid Charity which will deliver emergency services vehicles, equipment and training to Gambia. The trust also supports the Premier Christian media organisation.

This year S&U plans to involve more staff within the Group in active volunteering; Aspen are currently investigating the development of a "volunteer" programme and one volunteer will be travelling to Gambia to deliver the emergency services vehicle.

Advantage continued supporting their local charities by becoming a Corporate Partner of Women's Aid. We donated over 1500 items to their Christmas Collection drive and the company matched that with a cash donation. During the year, the staff and the business also supported Macmillan, Not Home Alone and Andy's Man Club.

Finally, S&U is pleased to announce its support for the Tax Payers Alliance, a non-political charitable organisation committed to ensuring efficient and effective government in the tax payers' interest.

A4.3 Health and Safety and Diversity Policy

Although we recognise that current thinking means that diversity reporting should be based around a statistical analysis of our staff's racial origin, given our above long-standing policies, we consider that this can too often itself be divisive and potentially discriminatory. By recruiting the best people for the job, both enhance their self-esteem, irrespective of their background, racial or socio economic, and at the same time create an esprit de corps unmarked by tokenism.

S&U takes its responsibilities towards the health, safety and good working environment of its employees very seriously. However, in the finance field it is not engaged in the kind of processes which compromise health and safety for either our staff or our visitors. Nevertheless, it seeks to provide a congenial and productive working environment and in recent years we have expanded our facilities for Advantage and Aspen. Facilities will continue to be reviewed to improve and maximise space, ensure safety and provide better break out areas.

It therefore goes without saying that in a Company where family values are so prized, and where staff turnover is so low, that workers are always treated fairly without any form of discrimination. Recruitment and promotion decisions, whilst reflecting the social and racial makeup of the areas in which we operate, are always based on ability and aptitude, not according to any racial or gender stereotypes.

A4.4 Climate Change

Like any group of people who cherish our environment both for our own sakes and for those of succeeding generations, S&U supports the Government's Green Finance Strategy and is taking measures to reduce our carbon footprint and minimise and then eliminate carbon emissions so far as we are able directly to control them.

This means that, particularly so far as Advantage Finance, our motor business and Head Office in Solihull are concerned, we need to monitor and reduce those areas of emissions which we can most directly control in order to achieve net zero status by 2030.

Both for commercial and climate change reasons, the Board monitors the type, age and stated emissions of the vehicles Advantage finances. Currently just under half of customers opt for diesel vehicles, whilst the proportion of fully electric vehicles, principally on the grounds of their significant cost, is at present very small. These proportions will change over the next twenty years as the market changes.

Our ability to influence our customers environmental decisions at Aspen Bridging is equally constrained. Nevertheless, statutory requirements to publish Energy Performance Certificates for residential properties to let, as well as building regulation requirements for substantial refurbishments, will increasingly reflect our customers environmental responsibilities.

The Board also monitor the energy usage in our office buildings and have taken action to reduce this via the installation of solar panels in our Grimsby office.

The Company is pleased to present its second climate change report under the framework provided by the Task Force on Climate Related Financial disclosures ('TCFD'). In late 2023 this task force was disbanded and their work has been incorporated into the new standards IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board, under which we will be reporting for future financial years.

A4.4a Governance

An ESG and climate change committee chaired by the Chairman Anthony Coombs and consisting of senior executives and the senior non-executive director meets on a regular basis to review the identification, assessment and management of climate change risks within the Group. The Committee reports to the Board of directors of S&U plc which has overall oversight of the Group's work on climate change and this is now a regular Board agenda item and the Board consider climate when setting budgets, forming capex plans and setting strategy.

A4.4b Strategy

The Group will continue to identify opportunities to manage its scope 1, scope 2 and scope 3 business travel emissions and will continue to seek to directly reduce its contribution in these areas to climate change.

In addition, in order to off-set those scope 1, scope 2 and scope 3 (business travel emissions and emissions sources), which we are not at present able to reduce to zero, S&U plc group have for the years 1.2.22 to 31.1.23 and 1.2.23 to 31.1.24 engaged Carbon Neutral Britain to measure, calculate and offset the organisation's carbon footprint. Our group emissions for the year ended 31.1.24 in scope, 1, scope 2 and scope 3 (business travel emissions and emissions sources) are 160t CO_2e as shown in the table in A4.4d below. These emissions have been offset with Carbon Neutral Britain via their Woodland fund which supports Climate Fund, Reforestation, Deforestation Prevention and Woodland Management Projects, with a strong focus on having a positive impact on the local wildlife, ecology and biodiversity.

The Group has also made progress in identifying opportunities to manage other indirect scope 3 emissions associated with the loan assets we finance for our customers. In our motor finance business, the average CO_2 emissions of the cars and vans we financed reduced from 129 CO_2 g/km last year to 126 CO_2 g/km this year and by working with customers and other companies in our supply chain we are looking to accelerate this reduction. We are also evaluating the likely future year reporting requirements of IFRS S1 and S2 and the challenges involved for companies trying to sensibly measure, monitor and manage indirect scope 3 requirements within the value chain. The ISSB has sensibly allowed some scope 3 reporting transition relief in this respect.

In order to assess the resilience of the Group's strategy, we have identified 2 climate scenarios being:

1. the global temperature increase is kept to below 2 degrees, or
2. climate change mitigation is slower and the global temperature increases by 2 to 4 degrees.

The Group has considered the risks relevant to each of these climate scenarios over the short, medium and long term, being the next year, the next 3 years and the next 5 years and beyond respectively.

Scenario 1

The risks the Group has identified under this climate scenario are mainly indirect over the long term, where stricter regulations and taxes to help keep global temperatures lower are applied in the UK and affect the used vehicle and property finance products which can be supplied to our customers and/or our customers' affordable use and enjoyment of those products. The UK Government is committed to banning the sale of new diesel and petrol cars from 2030 with an opt out for some plug-in hybrids and we will continue to monitor this commitment and associated developments ahead of this date alongside the availability and affordability of used electric vehicles, in order to refine our strategy in a sustainable way for our customers.

Scenario 2

The risks the Group has identified under this climate scenario include the indirect risks over the long term mentioned for Scenario 1 as the UK makes change but global temperatures still rise further. Scenario 2 also includes more medium- and long-term direct risks too such as the increased flood and weather risk to our office buildings and to properties financed – these risks are mitigated by insurance and wider operational risk is mitigated by the business continuity plans we have in place.

The Group has assessed its strategy as resilient for the likely risk events arising under these two scenarios, with a minimal expected impact on the business.

A4.4c Risk Management

The Group identifies climate change risks through the ESG committee and the wider executive teams including the risk management teams of both our operating businesses, Advantage Finance Limited and Aspen Bridging Limited. Our biggest business Advantage Finance reports to the ESG committee through its experienced director Mike Walker. Underwriting policies and procedures consider climate risk factors particularly in our property bridging business where consideration is taken of the potential for flood and subsidence with a requirement for appropriate insurance. Climate risk is an emerging risk but it is not currently considered a significant risk for the Group.

All our underlying global energy use is UK based and during the year we have and will continue to take action in order to reduce these emissions and where that is not fully possible offset them. Solar panels on our office buildings in Grimsby and electric company vehicles are examples of where we have managed to reduce energy usage this year.

The Group is keen to progress further opportunities to manage and reduce its impact on climate change over shorter term, medium term and longer-term planning horizons being the next year, the next 3 years and the next 5 years and beyond respectively. The climate related risks and opportunities we have identified as potentially having a material financial impact on the Group are as follows:

Risks with potential material financial impact	Related Opportunity	Planning Horizon
1. Potential for increased UK regulation and taxes affecting motor vehicles and their affordability for our loan customers	Continue to align our products in advance to meet evolving customer preferences and affordability in the light of planned regulatory and tax changes	Medium and Long Term
2. Potential for increased UK adverse weather events or natural disasters affecting operations and properties	Continue to maintain and improve appropriate insurance and business continuity procedures	Short, Medium and Long term

The potential financial impact of these risks and opportunities on the group would be reflected in the potential for reduced revenue or increased expenditure.

A4.4d Metrics and Targets

S&U's own direct environmental footprint is reported in the following table:

Greenhouse gas emissions data

For period 1 February 2023 to 31 January 2024

	Tonnes CO_2	
	Year ended 31 Jan 2024	Year ended 31 Jan 2023
Scope 1 (Direct emissions)		
Combustion of fuel – Petrol & diesel used by company cars	**34**	27
Gas consumption	**11**	15
Scope 2 (Energy indirect emissions)		
Purchased electricity (location based)	**44**	37
Electric vehicle energy usage	**9**	5
Total Scope 1 and 2	**98**	84
Scope 3 (Other indirect emissions)		
Business travel not using owned/leased vehicles	**30**	30
Total Scope 1,2 and 3 (business travel)	**128**	114
Transmission and Distribution Losses	**4**	n/a
Well to Tank	**28**	n/a
Total Scope 1,2 and 3 (business travel emissions and emissions sources)	**160**	
Company's chosen intensity measurement: Normalised tonnes scope 1, 2 and 3 (business travel) CO2e per £m turnover	**1.1**	1.1

For the year ending 31 January 2024 we achieved the target of below 1.3 normalised tonnes per £m turnover excluding additional supply chain emissions sources for fuel (well to tank) and electricity (transmission and distribution losses).

For the year ending 31 January 2024 the annual quantity of energy consumed by the group under scopes 1 and 2 was 273,814 kwh (31.1.23: 259,178 kwh).

For the year ending 31 January 2025 we are targeting below 1.4 normalised tonnes per £m turnover including additional supply chain emissions sources for fuel (well to tank) and electricity (transmission and distribution losses).

The methodology used to calculate our emissions is based on the "Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance" (June 2013) issued by the Department for Environment, Food & Rural Affairs ("DEFRA") and updated HM Government SECR guidance dated March 2019. We have also utilised DEFRA'S 2023 conversion factors within our reporting methodology. The emissions for year ended 31.1.24 were verified by Carbon Neutral Britain.

The 2013 data forms the baseline data for subsequent periods. In order to express our annual emissions in absolute and relative terms, we have used turnover in our intensity ratio calculation, as this is the most relevant indication of our growth and provides for a good comparative measure over time.

The Directors confirm that under listing rule 9.8.6R (8) (a) we have included in the above report disclosures consistent with the 2017 Final TCFD Recommendations and Recommended Disclosures.

A5 **Section 172 Statement**

The Directors confirm they have considered their obligations under S172 of the Companies Act 2006 including their duty to promote the success of the company and how they have engaged with the following key stakeholders in the business:

1. Our Customers

S&U focuses on;

i) making the customer the heart of our business; and

ii) having respect for every customer and always treating customers fairly.

Key actions taken demonstrating how we do this are set out in section A2.1 above. The outcomes of this customer engagement are reflected in high customer satisfaction ratings (Trustpilot), low levels of complaints and above all the Group's success over the last two decades.

2. Our Employees

S&U maintains a family ethos for all those who work within it.

Key actions taken demonstrating how we do this are set out in section A4.1 above. The outcomes of this employee engagement are reflected in a streamlined management structure, high staff retention rates, high skill levels, positive reward and recognition and a strong culture of continuous improvement.

3. Our Business Partners

S&U continuously seeks to nurture and improve key business relationships with our key introducing brokers, dealers and key suppliers.

Key actions taken demonstrating how we do this are set out in our strategic report above. The outcomes of these key actions are reflected in the positive feedback and high retention rates for our partners and in the steady, sustainable and successful growth of the Group in the past two decades.

4. Our Investors and Funding Partners

S&U's significant family management shareholdings means an identity of interest between shareholders and the management of the company and together with help from trusted advisers maintains close relationships with investors, analysts and also with long term funding partners.

Key actions taken demonstrating how we do this are set out in section B3.2 of our corporate governance report and in section A2.3 of our strategic report. The outcomes of this investor engagement help underpin the total shareholder return graph on page 50. The outcomes of this funder engagement help the strong balance sheet and treasury position outlined in this annual report and accounts.

5. Our regulators and other statutory bodies

S&U has a strong compliance culture which is overseen by management and the audit committee with help from our internal auditors RSM.

Key actions demonstrating how we do this are set out in section B3.1 of our audit committee report. The outcomes of these actions have led to positive feedback from regulatory and other statutory bodies of which the Group is proud.

6. Our Community and Our Environment

S&U does not exist in a vacuum and prides itself on supporting the wider community and looking after its environment.

Key actions demonstrating how we do this are set out in section A4 of the strategic report. The outcomes of these key actions have led to a low environmental footprint and the community and charity support set out in section A4.2 above.

In assessing the Group's engagements within our 6 stakeholder areas above, the directors have also ensured such engagements reflect the Group's values, business model, key performance indicators and principal risks as set out in the strategic report above.

A6. APPROVAL OF STRATEGIC REPORT

Section A of this Annual Report comprises a Strategic Report prepared for the Group as a whole in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

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

Anthony Coombs
Chairman

10 April 2024

Corporate Governance

IN THIS SECTION

CORPORATE GOVERNANCE

B1 Board of Directors

Anthony Coombs MA (OXON)
Chairman

Joined S&U in 1975 and was appointed Managing Director in 1999 and then Chairman in 2008 served as a Member of Parliament and was a member of the Government. He is a director and trustee of a number of companies and charities.

N

Graham Coombs MA (OXON) MSC (LON)
Deputy Chairman

Joined S&U after graduating from London Business School in 1976.

Jack Coombs MA (OXON) ACA
Executive

Co-founder of Aspen Bridging. Joined S&U in 2016 as Group Development Executive having previously worked in PWC's Valuations team and qualified there as a Chartered Accountant. Member of the Lender Committee for the Financial Intermediary and Broker Association (FIBA) industry body. Jack is also an avid supporter of charity and swam the Channel from England to France in 2011 in 13 hrs and 46 mins to raise funds for Alzheimer's Research & Mondo Challenge.

Chris Redford ACA
Group Finance Director

A Chartered Accountant with over 10 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.

Ed Ahrens
CEO Aspen Bridging

Ed has been in banking and speciality finance for over 30 years having started his career at Abbey National and working in senior roles for Barclays, AIB and being a founding executive director of Vanquis Bank. Ed joined the S&U Group in 2014 then became Group Strategic Development Director before leading the development of Aspen Bridging as CEO since the launch of the business in 2017.

Graham Wheeler
Non-Executive

Graham brings over 40 years' experience in motor finance across consumer and business lending, much of it in a senior leadership role. He developed through blue chip Companies like GM, Barclays, GE Capital, and Volkswagen FS, where he held the post of UK CEO for 11 years. Graham joined S&U Plc board in September 2020 and after 4 1/2 years leading its successful motor finance subsidiary Advantage Finance, Graham retired in January 2024. He joined the S&U Plc Board as non-executive director in February 2024.

N A R

Tarek Khlat MBE
Non-Executive

Tarek has over 25 years of experience in financial services and he co-founded Crossbridge Capital, where he is currently Group CEO leading the firm's businesses that serve the wealth management needs of high-net-worth clients globally. Prior to this he held leading roles in financial services with Credit Suisse and JP Morgan and in journalism with CNN and Fox News. Tarek holds a BA degree in Economics from Georgetown University and an MBA degree from Harvard Business School. He is a Trustee and Patron of the NSPCC as well as Chair of the Board of Trustees of Centrepoint, the UK's leading youth homelessness charity. Tarek was awarded an MBE by her late Majesty Queen Elizabeth II in 2021.

N A R

Graham Pedersen
Non-Executive

Graham joined the Board of S&U in early 2015 and brings enormous experience as a regulator at the Bank of England, Financial Services Authority and Prudential Regulation Authority and as a banker with detailed knowledge and involvement in the speciality finance sector.

N A R

Jeremy Maxwell
Non-Executive

Jeremy brings broad expertise in digital innovation, marketing, commercial development and customer experience from over 25 years in the retail and B2B distribution industries. In addition to other NED and advisory roles, he has held senior customer-facing executive positions at Carpetright, Wolseley UK, Mothercare, Screwfix and B&Q.

N A R

Manjeet Bhogal ACMA CGMA
Company Secretary

Manjeet joined S&U in February 2019 and was appointed Company Secretary on 1st January 2024

KEY

- N Nominations Committee
- A Audit Committee
- R Remuneration Committee

B2 Directors’ Remuneration Report

This report has been prepared to comply with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008, the Companies (Miscellaneous Reporting) Regulations 2018, as well as the Companies Act 2006 and other related regulations.

B2.1 Report of the Board to the Shareholders on Remuneration Policy

Introduction

On behalf of your Board, I am pleased to present our Directors’ Remuneration Report for the year ended 31 January 2024.

Faced with an array of challenges ranging from weak consumer confidence, cost of living pressures, funding costs and regulatory activity, 2023/24 has not been a vintage year for either S&U plc or the specialist financial services sector. Whilst we continue to invest in the receivables which drive our future profits, we do so with caution.

Trading at Advantage was better in the first half year with good customer repayments which then reduced in the second half year as the cost of living started to have a greater impact on our customer base and this combined with increased funding, regulatory and overhead costs impacted second half Advantage profits. Aspen has made steady progress throughout the year and our bridging profits have increased although these have also been affected by increased funding costs where there is a lag effect in repricing the book. As a result, Group profit before tax is £33.6m for the year ended 31 January 2024 which is 18% below prior year (31.1.23 £41.4m) and compares to an average during the 2 previous pandemic years of £32.6m group profit before tax (2020/21: £18.1m; 2021/22: £47.0m).

This year’s annual Directors’ Remuneration Report sets out how the Remuneration Policy was applied during the year ended 31 January 2024 and provides details of amounts earned in respect of the year ended 31 January 2024. It also sets out how the Remuneration Committee has decided the Remuneration Policy will be operated for the year commencing 1 February 2024.

We intend for the Company’s Remuneration Policy to be updated at least every 3 years. The Remuneration Policy was last updated in 2021 and a copy of this was published in full in the 2021 Annual Report. Following this three-year update cycle, we have reviewed and updated the Remuneration Policy for 2024. An updated copy of the proposed Remuneration Policy for 2024 is therefore included in section B2.2, which will be considered for approval at this year’s Annual General Meeting. A copy of the existing 2021 Remuneration Policy can be found in the About us Governance section on our website at www.suplc.co.uk

2023/24 key decisions and pay outcomes

The aim of the Company’s Remuneration Policy is to deliver simple and fair remuneration packages which are linked to both Group and personal performance, retention focussed and appropriate for the Company, its Shareholders and the directors.

Group profit before tax reduced from an impressive £41.4m in 2022/23 to £33.6m in 2023/24. This result derives mainly from reduced repayments and increased impairment at Advantage in the second half of the year together with increased regulatory and funding costs. The Committee noted that this result was still robust in a challenging environment and would not have been possible without the hard work, leadership, focus and strength of the executive team at S&U as well as the overall resilience of the Company. We have taken this into account in the difficult decisions taken regarding salaries and bonuses, whilst at the same time maintaining good discipline in our policies on remuneration.

Against a backdrop of a competitive landscape and the need for a cautious approach in a difficult macro economy, Advantage advanced 21,565 new motor finance agreements during the year ending 31 January 2024 (2023: 23,922). As last year, our Advantage team has continued to work diligently to support customers in the more difficult circumstances they have faced in the second half of this year. Looking forward, due to potential continued impacts from inflation and used car price correction, we remain optimistic but cautious in our outlook and adopt our normal conservative approach to impairment provisions.

In its seventh year of operation, Aspen Bridging made 165 new loan facilities lending over £144m (2023: 148 new loan facilities lending £134m). At the end of the year Aspen had 163 live loans amounting to net receivables of £130m (2023: 141 live loans amounting to £114m) which reflects an almost annual turnover in the Aspen bridging book. Whilst political and economic uncertainties have and will continue to affect S&U, the Company has continued to demonstrate its historic ability to produce robust and resilient results.

Anthony Coombs, Graham Coombs and Chris Redford

Based on the underlying profit performance of the Group, the Remuneration Committee judged the level at which the annual bonus payments should be made. In a challenging environment, Group Profit Before Tax (“PBT”) for the year of £33.6m was significantly below budget and decreased by 18% on the 2023 result. Therefore, the Remuneration Committee determined that for the financial year 2023/24 a bonus of £10,000 each would be awarded to Anthony Coombs and Graham Coombs which was significantly lower than their target bonus of £60,000 due to the actual group PBT of £33.6m being below their on-target performance level of £43m group PBT. Anthony Coombs and Graham Coombs have elected to waive their entitlement to these bonuses of £10,000 each. The Committee also determined that for the financial year 2023/24 a bonus of £10,000 would be awarded to Chris Redford, which was significantly lower than his target bonus of £50,000 and his maximum annual bonus of £75,000, given both the normal bonus target of £42m group PBT and the stretch bonus target of £44m group PBT respectively were not reached.

The Remuneration Committee therefore considers these annual bonus awards to be fair and reasonable and reflective of each director's achievement against performance targets set during the year.

In May 2023 Chris Redford was granted 5,000 shadow share options under the 2021 LTIP, as disclosed in last year's Directors' Remuneration Report. The Remuneration Committee determined that none of these shadow share options vested with reference to performance during the year ended 31 January 2024, based on group PBT being below the group PBT normal and stretch target levels for shadow share options of £42m and £44m respectively. As the shadow share options granted in 2023 did not vest, these options have now lapsed.

Graham Wheeler

The Committee have considered Graham's management of the Advantage Finance team in light of the significant challenges in consumer motor finance arising from the political and economic environment, and the Advantage PBT result of £28.8m for the year ended 31 January 2024. The Committee judged the level at which the annual bonus payment should be made. For the financial year 2023/24 a bonus of £20,000 was awarded to Graham Wheeler which was significantly lower than his target bonus of £50,000 and his maximum annual bonus of £75,000.

In May 2023 Graham Wheeler was granted 5,000 shadow share options under the 2021 LTIP, as disclosed in last year's Directors' Remuneration Report. The Remuneration Committee determined that none of these shadow share options vested with reference to performance during the year ended 31 January 2024 with reference to the underlying profit performance of Advantage and achievement against the PBT and ROCE based targets set for that year. As the shadow share options granted in 2023 did not vest, these options have now lapsed.

Ed Ahrens

The Committee have considered Ed's management of the Aspen Bridging Finance team in light of the competitive landscape and the Aspen PBT result of £4.8m for the year ended 31 January 2024. The Committee judged the level at which the annual bonus payment should be made. For the financial year 2023/24 a bonus of £10,000 was awarded to Ed Ahrens which was significantly lower than his target bonus of £30,000 and his maximum annual bonus of £40,000.

In May 2023 Ed Ahrens was granted 3,000 shadow share options under the new LTIP, as disclosed in last year's Directors Remuneration Report. The Remuneration Committee determined that none of these shadow share options vested with reference to performance during the year ended 31 January 2024 with reference to the underlying profit performance of Aspen and achievement against the PBT and ROCE based targets set for that year. As the shadow share options granted in 2023 did not vest, these options have now lapsed.

Jack Coombs

The Committee have considered Jack's significant contribution to the continued growth of Aspen Bridging, including growth during the year ended 31 January 2024, helping Aspen Bridging achieve a profit before tax of £4.8m. The Committee judged the level at which the annual bonus payment should be made. For the financial year 2023/24 a bonus of £10,000 was awarded to Jack Coombs which was significantly lower than his target bonus of £30,000.

Key remuneration decisions and related matters for the year ending 31 January 2025

Salary increases, annual bonus and LTIP

For the year ended 31 January 2024 salary increases were in the range 1.3% to 3.3% except where exceptional circumstances merited a higher increase. This was below the average increases given to the wider workforce which averaged 9.0% in a difficult inflationary cost of living environment for our employees. The Remuneration Committee has now agreed salary increases for the year ended 31 January 2025 in the range 1.7% to 3.6% except where exceptional circumstances merited a higher increase, as noted below. This is below the average increases given to the wider workforce which averaged 5.5% in light of the continued difficult inflationary cost of living environment for our employees. After a review of market comparables, and after his excellent performance as an executive director of our growing Aspen Bridging subsidiary, it was decided to award Jack Coombs a salary increase of 25% for the year ended 31 January 2025.

For the year ending 31 January 2025, where the targets levels of performance set are achieved, the annual bonus has been set at £50,000 for Anthony Coombs and Graham Coombs, £40,000 for Chris Redford and £30,000 for Ed Ahrens and Jack Coombs. Where the performance targets set are exceeded, the Remuneration Committee has the discretion to pay an increased annual bonus based on stretch performance targets to each of Jack Coombs, Ed Ahrens and Chris Redford and the maximum amount payable will not exceed the maximum limits stated in the Remuneration Policy. The annual bonuses will continue to be mainly assessed against stretching divisional and group Profit Before Tax (PBT) targets and Return on Capital Employed (ROCE), although up to 25% of the annual bonus will now be assessed based on the achievement of specific non-financial targets. These non-financial targets will be confirmed during the year ending 31 January 2025, but the Remuneration Committee aims to align the targets to the Company's KPI's in the areas of governance structures and environmental impact. The Committee believes Environmental, Social and Governance factors have become critical to good business practice and are tied to the success and long-term sustainability of organisations across all sectors and these will therefore be carefully considered when setting the non-financial targets for the annual bonus. In order for the bonuses to be paid in full, these stretching performance targets must be achieved and, if not fully met, the Remuneration Committee will determine the level of any reduced annual bonus payment.

The Committee intends to grant 3,000 shadow share options under the 2021 LTIP to Ed Ahrens, subject to achieving certain threshold Aspen PBT and ROCE targets for the year ending 31 January 2025. The Committee also intends to grant 5,000 shadow share options under the 2021 LTIP to Chris Redford, subject to achieving certain stretch group PBT targets for the year ending 31 January 2025.

For the year ending 31 January 2025, the Remuneration Committee considers that the significant shareholding held by Anthony Coombs, Graham Coombs and Jack Coombs similarly provides adequate alignment to shareholders and therefore no shadow share option awards are made to these directors.

Fees for the non-executive directors have now been increased by 3.3% to £39,250 and for the senior non-executive director increased by 3.4% to £41,350 for the year ending 31 January 2025. For the year ended 31 January 2024 fees had been increased by 2.7% for the non-executive directors and 2.5% for the senior non-executive director.

The Remuneration Committee continues to welcome Shareholder feedback on remuneration decisions or on any issue related to executive remuneration. I commend this report to Shareholders and ask that you support the resolution to approve the Company's Annual Remuneration Report at the Company's AGM on 6 June 2024.

Tarek Khlat
Chairman of the Remuneration Committee

10 April 2024

B2.2 **Remuneration Policy Report**

This section sets out the Remuneration Policy for executive directors and non-executive directors, which Shareholders will be asked to approve at the AGM on 6 June 2024. Until this time the Policy approved by Shareholders at the AGM on 20 May 2021 will continue to apply.

A summary of the main changes that have been made to the Remuneration Policy are outlined below.

Current Policy	Proposed changes and rationale
The maximum variable remuneration which may be granted (other than in exceptional circumstances) from combined annual bonus awards and LTIP awards is 150% of salary. In exceptional circumstances, the maximum variable remuneration which may be granted is 200% of salary. Up to 50% of the bonus earned may be deferred for at least twelve months and usually subject to performance targets in the deferral period and continued employment.	The overall maximum variable remuneration which may be granted from combined annual bonus awards and LTIP awards will be limited to 150% of base salary in any year, even in exceptional circumstances. The Remuneration Committee believes this change brings the Company's maximum variable remuneration levels in line with market practice whilst still providing sufficient headroom to make meaningful awards to directors, reflective of their performance. Up to 50% of the bonus earned may be deferred for at least twelve months and usually subject to performance targets in the deferral period and continued employment.

B2 Directors' Remuneration Report CONTINUED

The following table describes each of the components of the remuneration package for executive directors:

Component	Purpose	Operation	Opportunity	Performance Measures
Base Salary	To help recruit and retain executive directors. To provide the core element of fixed remuneration, which reflects the director's experience and the size and scope of the role.	Normally reviewed annually and fixed for 12 months, but may be reviewed more frequently in cases where an individual changes position or responsibility. Salaries are determined by the Remuneration Committee, who will take into account a range of factors, including, but not limited to: • Role, experience and individual performance; • Corporate and individual performance; • Pay levels for comparable positions in companies of a similar size and complexity; and • Group profitability and organisational salary budgets.	No maximum salary opportunity has been set out in this policy report to avoid setting expectations for executive directors and employees. The base salaries effective as at 1 February 2024 are: Anthony Coombs: £385,000 Graham Coombs: £370,000 Chris Redford: £260,000 Ed Ahrens: £215,000 Jack Coombs: £150,000 Salary increases (in percentage salary terms) for Executive Directors will normally be in line with those for the wider workforce, expect for in exceptional circumstances. Where the Remuneration Committee consider it appropriate, base salaries will be moved progressively (including larger salary increases) to a level which is market competitive taking account of individual factors such as: • Increased individual responsibilities; • Performance in role; • A new executive director being moved to market positioning over time; • Remuneration trends within the financial services industry; and • Alignment to market level.	N/A
Benefits	To provide cost-effective benefits to help recruit and retain executive directors, through ensuring a competitive overall remuneration package.	Executive directors are entitled to a range of benefits in line with market practice, including, but not limited to, private medical insurance, and a company car. Other benefits may be provided based on individual circumstances. These may include, for example, permanent health cover, death in service benefit, relocation and travel allowances.	Whilst the Remuneration Committee has not set an absolute maximum, the value of benefits is set at a level which the Remuneration Committee considers is appropriately positioned against companies of a similar size and complexity in the relevant market.	N/A

Component	Purpose	Operation	Opportunity	Performance Measures
Annual Bonuses	To reward executive directors for the achievement of the annual financial and individual targets. Provide alignment with Shareholders' interests.	Targets are set annually and any pay-out is determined by the Remuneration Committee after the period-end, based on performance against those targets. The Remuneration Committee may adjust the bonus pay- out either up or down should the formulaic outcome be considered not to produce a fair result for either the executive director or the Company, taking account of the Remuneration Committee's assessment of overall business performance. Up to 50% of the bonus earned may be deferred (in cash) for at least twelve months, usually subject to meeting specified performance targets in the deferral period and continued employment.	Up to 150% of base salary. The combined annual bonus and LTIP opportunities for any year cannot exceed 150% of base salary.	Targets are set annually, reflecting the Group's strategy and alignment with key financial, strategic and / or individual objectives. Targets, whilst stretching, do not encourage inappropriate business risks to be taken. At least 75% of the bonus is assessed against key financial performance metrics of the business and the balance may be based on non-financial strategic and ESG measures which align with the strategic aims of the Company at the time of each grant, and/or individual performance. Vesting of the annual bonus will apply on a scale between 0% and 100% based on the Remuneration Committee's assessment of the extent to which the performance metrics have been met.

Component	Purpose	Operation	Opportunity	Performance Measures
Long Term Incentive Plan (LTIP) 2021	To provide an incentive to executive directors to achieve the annual and longer term financial and strategic business targets and to align their interests with those of Shareholders.	The current cash based LTIP was approved by Shareholders at the 2021 AGM. Under the LTIP, the Remuneration Committee may grant nil-priced shadow share options that will deliver the equivalent share value in cash, resulting in no equity dilution for shareholders as a result of these awards. The vesting of shadow share options is dependent on the achievement of such performance conditions as the Remuneration Committee determines, measured over a minimum period of one year. Shadow share options will normally vest and become exercisable three years from the date of grant, subject to satisfaction of the performance conditions and the continued employment of the participant by the Group for such period as specified by the Remuneration Committee. Participants have 3 years from the date of vest to exercise any shadow options. On the basis the LTIP is a cash award, no holding period is applied. Shadow share options vest early on a change of control (or other relevant event) unless the Remuneration Committee determines otherwise, taking into account the performance conditions (as determined by the Remuneration Committee) and pro-rating for time, although the Remuneration Committee has discretion not to apply time pro-rating in these circumstances. Shadow share option awards may also vest early in "good leaver" circumstances i.e. as a result of death; illness, injury or disability; redundancy; or retirement.	The LTIP allows for the grant of shadow share options over shares worth up to 50% of base salary in any plan year (and up to 150% of salary in exceptional circumstances including recruitment and retention). However, the combined annual bonus and LTIP opportunities for any year cannot exceed 150% of base salary, in any circumstances.	The grant and/or vesting of LTIP shadow share options is subject to the satisfaction of performance targets set by the Remuneration Committee. The performance measures are reviewed regularly to ensure they remain relevant but will be based on individual and/or financial measures and/or share price growth related measures. The relevant metrics and the respective weightings may vary each year based upon Company strategic priorities. Vesting of LTIP shadow share options will apply on a scale between 0% and 100% based on the Remuneration Committee's assessment of the extent to which the performance metrics have been met.

Component	Purpose	Operation	Opportunity	Performance Measures
Retirement benefits	To provide competitive retirement benefits to help recruit and retain executive directors.	The Company offers defined contribution pensions to all executive directors. In appropriate circumstances, executive directors may take a salary supplement instead of contributions into a pension plan.	Maximum contributions for a director will be up to 15% of base salary.	N/A

The following table provides a summary of the key components of the remuneration package for non-executive directors:

Component	Purpose	Operation	Opportunity
Fees	To provide the core fixed element of remuneration for the particular non-executive director role.	The Board of directors determines non-executive fees, taking into account the skills, knowledge, and experience of the individual, whilst taking into account appropriate market data. Directors may be entitled to benefits such as the use of secretarial support, travel costs, or other benefits that may be appropriate.	The fee is set at a fixed annual fee of £39,250 for non-executive directors and £41,350 for senior non-executive directors, effective from 1 February 2024. Overall fees paid to non-executive directors will remain within the limit set out in the Company's Articles of Association of £300,000, taking into account the percentage increase in the General Index of Retail Prices for the 12 preceding months.

Legacy awards

The 2010 Long Term Incentive Plan ("LTIP") lapsed in May 2020, no further grants can be made under this LTIP and there are no remaining outstanding options under this LTIP.

Recovery provisions

The annual bonus (including any deferred awards delivered under the annual bonus and LTIP awards) are subject to "malus" and "clawback" provisions as follows.

For up to two years following the payment of the annual bonus award, the Committee may require repayment of all or part of the bonus in the event of a material misstatement or error in assessing performance measures which has led to an overpayment of the bonus or in the event of dismissal due to gross misconduct in the bonus year or in the event of criminal behaviour. Some or all of any deferred award under the annual bonus may be clawed back (via a cancellation of the award) prior to vesting in equivalent circumstances.

During the vesting period of an LTIP award the Committee may clawback all or part of the award (via the cancellation of unvested awards) in the event of a material misstatement or error in assessing performance measures which has led to the award vesting to a greater degree than would otherwise have been the case or in the event of dismissal due to gross misconduct.

Remuneration Committee approach to setting performance measures and targets

Performance measures are selected that are aligned to the Company's strategy. Stretching performance targets are set each year for the annual bonus and long-term incentive awards. When setting these performance targets, the Remuneration Committee will take into account a number of different reference points, which may include the Company's business plans and strategy, the wider market environment and broader company obligations on Environmental, Social and Governance matters. Full vesting will only occur for what the Remuneration Committee considers to be stretching performance.

In setting appropriate annual bonus and long-term incentive parameters the Remuneration Committee considers the Group's and each division's financial performance, typically pre-tax profit performance for the year, and the appropriate percentage of basic salary to be awarded for each executive director.

Remuneration Committee Flexibility

The Remuneration Committee retains the ability to adjust or set different performance measures where it considers it appropriate to do so (for example, to reflect changes in the structure of the business and to assess performance on a fair and consistent basis from year to year).

The Remuneration Committee administers the bonus scheme and the variable incentive plan according to their respective rules and in accordance with HMRC rules where relevant. They have flexibility within the limits in the table above to determine the timing and quantum of awards to individual participants, and to determine good or bad leaver status for determining a leaver's entitlement to shadow share options under the rules of the LTIP scheme.

Options under the LTIP may be adjusted in the event of a variation of capital in accordance with the scheme rules.

Consideration of Remuneration Policy for other employees

Remuneration arrangements are determined throughout the Group based on the principle that reward should be sufficient to attract and retain high calibre talent, without paying more than is necessary, and should be aligned to the delivery of our business strategy.

The Committee takes into account the wider pay context and all members of staff receive an annual pay review. All members of staff whose performance has been exceptional are entitled to a discretionary bonus.

Senior employees are eligible to participate in the LTIP 2021, at the Remuneration Committee's discretion, thereby encouraging wider workforce alignment to Company performance.

In determining pay levels for employees, management consider individual and Company performance and market rates for similar positions. Senior management whose performance has been exceptional may also be eligible for shadow share options with similar performance conditions to the shadow share options awarded to executive directors.

Approach to remuneration

The policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of Shareholders. When appointing a new director, the Remuneration Committee seeks to ensure that arrangements are in the best interests of the Company and not to pay more than is appropriate.

The Remuneration Committee will seek to offer a remuneration package in line with the Remuneration Policy and commensurate with other directors having regard to their responsibilities and experience.

Fixed pay

Salary and benefits (including retirement benefits) would be determined in accordance with the Policy and in line with market practice.

Variable pay

The maximum level of variable remuneration which may be granted in any year (excluding buy-out awards referred to below) is 150% of salary (i.e. the maximum annual bonus and LTIP opportunity). The Remuneration Committee retains the discretion to make remuneration decisions which are outside the policy set out in the table above to facilitate the recruitment of candidates of the appropriate calibre required to optimise Company performance (but subject to the limit on variable remuneration). The Remuneration Committee ensure that awards within the 150% of salary variable remuneration limit are linked to the achievement of appropriate and challenging performance measures. It is not the Company's intention to make non-performance related incentive payments (for example, "golden hellos").

Buy-outs

The Remuneration Committee may make payments or awards to recognise or 'buy-out' remuneration arrangements forfeited on leaving a previous employer. The Remuneration Committee will normally aim to do so broadly on a like-for-like basis taking into account a number of relevant factors regarding the forfeited arrangements which may include the form of award, any performance conditions attached to the awards and the time at which they would have vested. These payments or awards are excluded from the maximum level of variable remuneration referred to above, however the Remuneration Committee's intention is that the value awarded would be no higher than the expected value of the forfeited arrangements.

Shadow share options as part of remuneration

Any new shadow share options are granted under the LTIP 2021. If necessary, and subject to the limits referred to above, in order to facilitate the awards mentioned above, the Remuneration Committee may rely on exemption 9.4.2 of the Listing Rules which allows for the grant of awards to facilitate, in exceptional circumstances, the recruitment of a director.

Where a position is fulfilled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms.

Fees payable to a newly-appointed Chairman or non- executive director will be in line with the fee policy in place at the time of appointment.

Director Service 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.

Non-executive directors are not employed under contacts of service, but are generally appointed for fixed terms of three years renewable for further terms of one to three years, if both parties agree.

All directors offer themselves for re-election at each AGM in accordance with the UK Corporate Governance Code.

Payments for loss of office

The policy set out below provides the framework for contracts for directors:

Termination Payment	Severance payments in relation to the service contracts are limited to basic salary for the notice period plus benefits in kind (including company car and private health insurance) and pension contributions (which may include salary supplements). Benefits provided in connection with termination of employment may also include, but are not limited to, outplacement and legal fees.
Vesting of incentives for leavers	**Annual bonus** The Remuneration Committee has the discretion to determine appropriate bonus amounts taking into consideration the circumstances in which an executive director leaves. Typically for 'good leavers', bonus amounts (as determined by the Remuneration Committee) will be pro-rated for time in service to termination and will be, subject to performance, paid at the usual time. **Deferred annual bonus** Typically for 'good leavers', unless the Committee determines otherwise, unvested deferred bonus awards shall continue and vest on the normal vesting date subject to meeting any minimum performance target set during the deferral period. If a participant dies, unvested deferred bonus awards will vest at that time. Unvested deferred bonus awards will usually, lapse on termination for any other reason. **2021 Long Term Incentive Plan** The vesting of cash-based awards under the LTIP 2021 is governed by the rules of the incentive plan, as approved by Shareholders. Under the LTIP if a participant leaves employment of the Group, options will normally lapse if the participant leaves employment before vesting unless and to the extent the Remuneration Committee decides otherwise. Options may vest and become exercisable in "good leaver" circumstances, including death, disability, ill-health, injury, redundancy, retirement or any other reason determined by the Remuneration Committee. Under the LTIP any "good leaver" options will vest at the date of cessation of employment unless the Remuneration Committee decides they should vest at the normal vesting date. In either case, unless the Remuneration Committee determines otherwise, the extent to which an option vests will be determined by the Remuneration Committee taking into account the time which has elapsed between the grant of that option and the date of leaving and the extent to which any performance conditions have been satisfied. In determining the proportion of an option which vests, the Remuneration Committee may take into account such other factors, including the performance of the Company and the conduct of the participant as it deems relevant. An option may then be exercised, to the extent vested, during the period of six months, or twelve months in the case of death, (or such other period as the Remuneration Committee may determine) commencing on the date of such cessation or from the normal vesting date as appropriate. Where a buy-out award is made under the listing rules then the leaver provisions would be determined at the time of the award.
Mitigation	The executive directors' service contracts do not provide for any reduction in payments for mitigation or for early payment.

The Remuneration Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a settlement or compromise of any claim arising in connection with the termination of a director's office or employment. In doing so, the Remuneration Committee will recognise and balance the interests of Shareholders and the departing executive director, as well as the interests of the remaining directors.

Where the Remuneration Committee retains discretion, it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the director's departure and performance, with the objective of ensuring that the director is not paid for poor performance.

The notice period to be given by the non-executive directors or the Company is up to six months and discretion is retained to terminate with or without due notice or paying any payment in lieu of notice dependent on what is considered to be in the best interests of the Company in the particular circumstances.

Statement of consideration of employment conditions elsewhere in the Company

When determining the remuneration arrangements for executive directors, the Remuneration Committee takes into consideration, as a matter of course, the pay and conditions of employees throughout the Group. The Remuneration Committee does not formally consult employees on executive remuneration.

Statement of consideration of Shareholder views

From time to time the Remuneration Committee also consults with major Shareholders (other than on their own pay for those on the Board) in addition to proposing the remuneration report and resolutions annually to all Shareholders.

Illustration of application of Remuneration Policy

The charts below set out an illustration of the potential total remuneration opportunity under the Remuneration Policy with effect from 1 February 2024.

For these purposes base salary is the latest known salary as at 1 February 2024 and benefits is as disclosed in the single figure table on page 45 for the year ending 31 January 2024. Pension is based on the policy set out in the future policy table (i.e. a maximum contribution of 15% of base salary) and base salary effective at 1 February 2024.

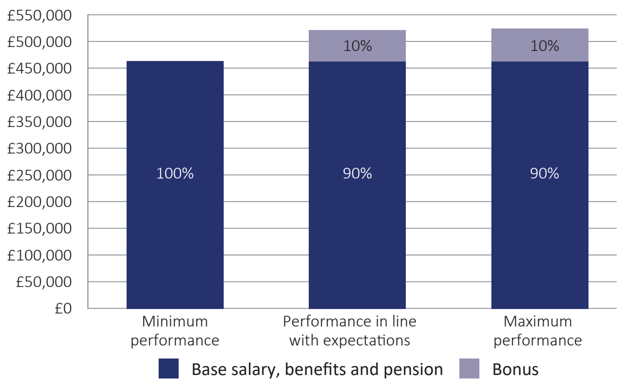
Three scenarios have been illustrated for each executive director:

Minimum performance	• No bonus pay-out • No LTIP
Performance in line with expectations	• Bonus: £50,000 for Anthony Coombs and Graham Coombs, £40,000 for Chris Redford and £30,000 for Ed Ahrens and Jack Coombs. • Shadow Share Option award over 4,000 shares for Chris Redford and 3,000 shares for Ed Ahrens.
Maximum performance	• Bonus: £50,000 for Anthony Coombs and Graham Coombs, £50,000 for Chris Redford, £40,000 for Jack Coombs and £40,000 for Ed Ahrens. • Shadow Share Option award over 5,000 shares for Chris Redford and 3,000 shares for Ed Ahrens.

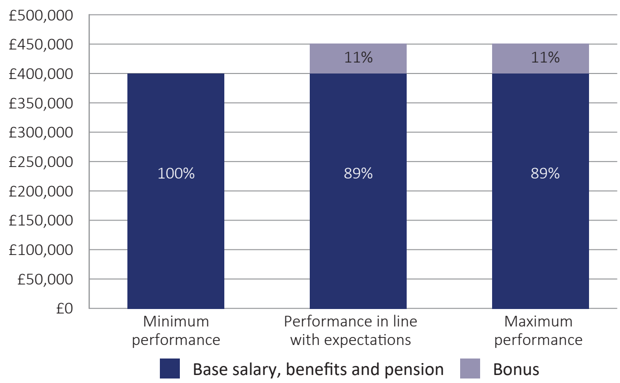
As required by the regulations, the scenarios are based on the proposed operation of the policy for the year ended 31 January 2025.

Scenario charts

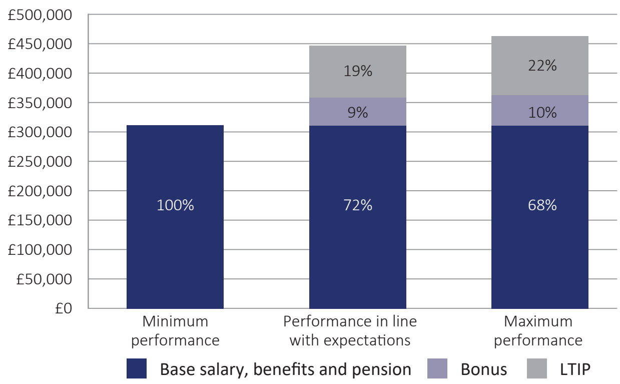
Anthony Coombs



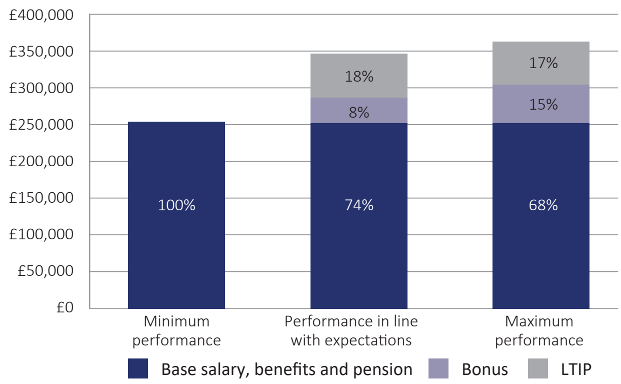
Graham Coombs



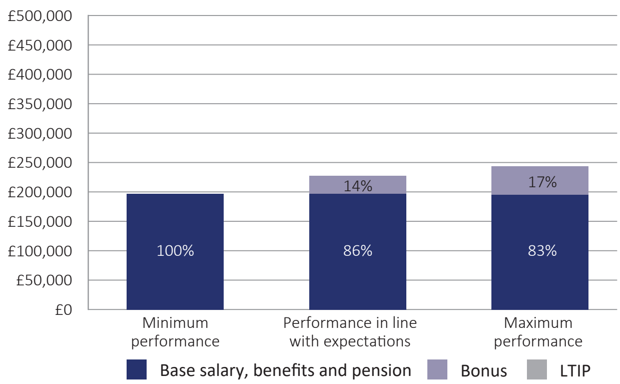
Chris Redford



Ed Ahrens



Jack Coombs



NB: For the purposes of this illustration, the value of the LTIP has been calculated with reference to the S&U Plc share price on 31 January 2024.

Existing contractual arrangements

The Remuneration Committee retains discretion to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed:

- before the AGM held on 20th May 2014 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect);
- after the AGM held on 20th May 2014 and before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or
- at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company.

For these purposes "payments" includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" no later than at the time the award is granted.

The Remuneration Committee may make minor changes to this Remuneration Policy which do not have a material advantage to directors, to aid in its operation or implementation, taking into account the interests of Shareholders but without the need to seek Shareholder approval.

B2.3 **Annual Remuneration Report**

This section covers how the remuneration policy was implemented in the year ending 31 January 2024. Certain elements of the Annual Remuneration Report are subject to audit and this has been highlighted at the start of each section.

Remuneration Committee (this section is not subject to audit)

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The current members of the Remuneration Committee are Mr Graham Pedersen, Mr Jeremy Maxwell and Mr Tarek Khlat, who are all independent non-executive directors. Biographical details of these directors are set out on pages 30 and 31. The Remuneration Committee is chaired by Mr Tarek Khlat.

None of the Remuneration 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 Remuneration Committee makes recommendations to the Board.

The Remuneration Committee is responsible within the authority delegated by the Board for determining, implementing and operating the Remuneration Policy and for determining the specific remuneration packages for each of the executive directors. In particular, the Remuneration Committee has the following key responsibilities:

- determining and setting variable and performance-related pay, and the assessment of performance targets for executive directors;
- reviewing and approving the remuneration arrangements and fees for each individual director;
- reviewing and approving the remuneration arrangements and any payments for loss of office or severance packages for new directors and those stepping down as a director or ceasing to be a member of the senior management team; and
- reviewing and having regard to the general remuneration pay practices and polices across the wider workforce when setting executive pay.

In its role to implement and operate the Remuneration Policy for directors the Remuneration Committee considers;

- the need to attract, retain and motivate high quality individuals to optimise Group performance;
- the need for an uncomplicated link and clear line of sight between performance and rewards;
- the need for an appropriate balance between fixed and variable remuneration and short term and long-term rewards and alignment with shareholder interests;
- best practice and remuneration trends within the Company and the financial services industry;
- the requirements of the UK Corporate Governance Code and existing director contracts; and
- previous shareholder feedback and the interests of other relevant stakeholders and employees.

The Remuneration Committee's terms of reference were reviewed during the year and are available on our website www.suplc.co.uk.

Advisors to the Remuneration Committee

The Remuneration Committee is assisted in its work by the Chairman, Deputy Chairman and the Group Finance Director. The Chairman is consulted on the remuneration of those who report directly to him and also of other senior executives. No executive director or employee is present or takes part in discussions in respect of matters relating directly to their own remuneration.

During the year, the Remuneration Committee was also assisted in its work by KPMG LLP who provide advice and guidance on remuneration matters. The Remuneration Committee is comfortable that the KPMG team which provided advice to the Remuneration Committee was and is independent and that they did not have any connections with S&U plc that may have impaired their objectivity. The total fees paid to KPMG for the provision of independent advice during the year ended 31 January 2024 was £12,000. KPMG also provide taxation compliance and advisory services to the Group.

Attendance at meetings

Details of the number of Remuneration Committee meetings held during the year and attendance at those meetings is set out in the Governance section on page 58 of this Annual Report.

Single Figure Tables (this section is subject to audit)

The table below sets out in a single figure the total amount of remuneration including each component received by each of the directors for the year ended 31 January 2024, together with comparative figures for the year ended 31 January 2023:

Executive Directors	Anthony Coombs £000		Graham Coombs £000		Chris Redford £000		Graham Wheeler £000		Jack Coombs £000		Ed Ahrens* £000	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Salaries and fees	**379**	374	**363**	358	**253**	245	**310**	300	**120**	110	**208**	n/a
Allowances and benefits	**88**	82	**35**	34	**22**	22	**13**	13	**23**	1	**9**	n/a
Pension Contribution	**0**	0	**0**	0	**37**	36	**31**	30	**18**	16	**31**	n/a
Total Fixed	**467**	456	**398**	392	**312**	303	**354**	343	**161**	127	**248**	n/a
Bonus	**0**	50	**0**	50	**10**	50	**20**	75	**10**	25	**10**	n/a
Shadow Share Incentive	**0**	0	**0**	0	**0**	128	**0**	128	**0**	0	**0**	n/a
Total Variable	**0**	50	**0**	50	**10**	178	**20**	203	**10**	25	**10**	n/a
Total	**467**	506	**398**	442	**322**	481	**374**	546	**171**	152	**258**	n/a

* Ed Ahrens was appointed a director of S&U plc on 14 February 2023 (after the 31 January 2023 yearend) and so no remuneration is shown in the single figure table for 2022/23.

Non-executive Directors	Demetrios Markou* £000		Graham Pedersen £000		Tarek Khlat £000		Jeremy Maxwell £000	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Salaries and fees	**40.0**	39.0	**38.0**	37.0	**38.0**	37.0	**38.0**	37.0
Total	**40.0**	39.0	**38.0**	37.0	**38.0**	37.0	**38.0**	37.0

* Demetrios Markou retired on 2nd October 2023 and Tarek Khlat has been appointed the senior non-executive director of S&U Plc with effect from 1 February 2024.

Salaries & fees	The amount of salary / fees received in the period.
Allowances and benefits	The taxable value of benefits received in the period. These are company car or allowance, private fuel, life insurance and private medical insurance.
Pension	The pension figure represents the cash value of pension contributions received by the executive directors. This includes the Company's contributions to the defined contribution pension scheme and any salary supplement in lieu of a Company pension contribution.
Annual Bonus	Annual bonus is the value of the cash bonus earned in respect of the year. A description of the performance targets against which the bonus pay-out was determined is provided on page 32. The Remuneration Committee determined that no part of any bonus paid for the year ended 31 January 2024 would be deferred.
Share incentive plans (LTIP)	For the year ended 31 January 2024 figures for the value of nil cost options vesting in respect of performance under the shadow share incentive plan have been calculated as follows: • PBT and ROCE based performance targets for the year to 31 January 2024 were not met; accordingly, the Remuneration Committee determined that 0% of the 5,000 LTIP shadow share options granted to Graham Wheeler, 0% of the 5,000 shadow share options granted to Chris Redford and 0% of the shadow share options granted to Ed Ahrens vested in respect of achieving performance targets in the year to 31 January 2024. Although the above LTIP options would also have been subject to continued employment, we disclose the value of the shares vesting by reference to performance to 31 January 2024 which is £nil (i.e. no shares vested by reference to performance). • We intend to grant further shadow share options in May 2024 based on the value of a total of 8,000 shares in S&U. These awards will be subject to a performance period which will commence on 1 February 2024 and will end on 31 January 2025. The share price at the start of the performance period was £20.60; if the share price were to increase by a further 50% between May 2024 and May 2027, then the share price of the awards would have increased to £30.90, representing an increase in the face value of Chris Redford's award of £51,500 and an increase in the face value of Ed Ahrens' award of £30,900. For the year ending 31 January 2023 comparative figures: • 6,000 shadow share options were granted to Graham Wheeler in that year of which 100% vested in respect of achieving stretch performance targets in that year. 6,000 shadow share options were granted to Chris Redford in that year of which 100% vested in respect of achieving stretch performance targets in that year.

Individual elements of remuneration (this section is subject to audit apart from the application of the Remuneration Policy to the individual elements of remuneration for the year ending 31 January 2024).

Base salary and fees

Base salaries for individual executive directors are reviewed annually by the Remuneration Committee and are set with reference to individual performance, experience and responsibilities within the Group as well as with reference to similar roles in comparable companies. Non-executive directors will continue to receive directors' fees in line with market practice. As disclosed in the Annual Report on Remuneration last year, for the year ending 31 January 2024, the base salaries of the executive directors were increased in the range 1.3% to 3.3%, except where exceptional circumstances merited a higher increase.

For the year ending 31 January 2025, the Remuneration Committee has now agreed salary increases in the range 1.7% to 3.6% except where exceptional circumstances merited a higher increase, as noted below. This was below the increases given to the wider workforce. After a review of market comparables, and after his excellent performance as an executive director of our growing Aspen Bridging subsidiary, it was decided to award Jack Coombs a salary increase of 25% for year ending 31 January 2025.

The table below shows the base salary increases awarded for next year:

Executive director	Base salary as at 31 January 2024 £000	Base salary for year to 31 January 2025 £000	Increase %
Anthony Coombs	378.5	385.0	1.7
Graham Coombs	363	370	1.9
Chris Redford	252.5	260.0	3.0
Graham Wheeler*	310	n/a	n/a
Jack Coombs	120	150	25.0
Ed Ahrens	207.5	215.0	3.6

*Graham Wheeler retired as CEO of Advantage Finance Limited on 31 January 2024 and so no remuneration is shown in the table for base salary as at 31 January 2025. He will remain on the Board of S&U plc as a non-executive director and with effect from 1 February 2024 will be paid a non-executive fee.

Non-Executive Directors

The remuneration policy for non-executive directors is determined by the Board. Fees reflect the responsibilities and duties placed upon non-executive directors whilst also having regard to market practice. The basic non-executive director fee was increased by 3.3% to £39,250 with effect from 1 February 2024. The basic senior non-executive fee was increased by 3.4% to £41,350 with effect from 1 February 2024. The non-executive directors do not participate in any of the Company's share incentive plans nor do they receive any benefits, bonus or pension contributions.

Non-executive director fees	2022/23 £000	2023/24 £000	2024/25 £000
Basic fee	37	38	39.25
Additional fee for Senior Independent Non-executive director	2	2	2.1

Annual bonus

For the year ended 31 January 2024, annual bonuses for the executive directors were based on stretching Group or divisional PBT targets. The table below sets out the maximum bonus opportunity that each of the executive directors could earn for the year ended 31 January 2024 together with the Group PBT targets and details of the actual bonus earned.

	Performance targets	Maximum annual bonus opportunity year ending 31 January 2024 £000	Bonus pay-out % of maximum %	Actual bonus earned for the year ending 31 January 2024 £000
Anthony Coombs	Group PBT target (£42m to £44m)	50	0	0**
Graham Coombs	Group PBT target (£42m to £44m)	50	0	0**
Chris Redford	Group PBT target (£42m to £44m)	75	13	10
Graham Wheeler	Advantage Finance PBT and ROCE target*	75	27	20
Ed Ahrens	Aspen Bridging PBT and ROCE target*	40	25	10
Jack Coombs	Aspen Bridging PBT and ROCE target*	30	33	10

** Anthony Coombs and Graham Coombs waived their entitlement to the determined earned bonus of £10,000 for the year ended 31 January 2024

* Whilst the Remuneration Committee is aware that some shareholders wish to see detailed retrospective disclosure of bonus targets, it considers this inappropriate for the divisional PBT and Group and Divisional targets given that such targets are based on commercially sensitive information that the Board believes could negatively impact the Group's competitive position by providing our competitors with insight into our business plans and expectations, resulting in significant risk to future profitability and shareholder value. We will review annually this commercial sensitivity and consequent non-disclosure of the historic divisional PBT and Group and Divisional ROCE targets. However, we are committed to providing as much information as we are able to, in order to assist our investors in understanding how our incentive pay-outs relate to performance delivered. Details of the Group PBT targets are disclosed above.

Based on the achievement of below target performance levels in the year ended 31 January 2024 the Remuneration Committee exercised its discretion to determine bonuses of £10,000 each were deemed payable to Anthony Coombs, Graham Coombs, Ed Ahrens, Jack Coombs and Chris Redford and a bonus of £20,000 was deemed payable to Graham Wheeler. The Committee considered the extent to which both financial and individual performance targets had been met in determining these bonuses. Anthony Coombs and Graham Coombs each then waived their entitlement to the £10,000 bonus awarded, such that no amounts were paid to them or directed by them, in relation to the annual bonus for the year ended 31 January 2024.

Annual bonus in 2024/25

For the year ending 31 January 2025, where the threshold performance targets set are achieved, the annual bonus has been set at £50,000 for Anthony Coombs and Graham Coombs, £40,000 for Chris Redford and £30,000 for Ed Ahrens and Jack Coombs. Where the target levels of performance set are exceeded, then based on stretch performance targets the Remuneration Committee has the discretion to pay an increased annual bonus to each of Jack Coombs, Ed Ahrens and Chris Redford and the maximum amount payable will not exceed the maximum limits stated in the Remuneration Policy. The annual bonus will continue to be assessed predominantly against stretching Group and divisional PBT and ROCE targets, but for the year ended 31 January 2025 up to 25% of the annual bonus will be assessed against specific non-financial targets.

The Remuneration Committee considers that the actual annual bonus targets are commercially sensitive and should therefore remain confidential to the Company. They provide our competitors with insight into our business plans, expectations and our strategic actions. However, the Remuneration Committee will continue to disclose how the bonus pay-out delivered relates to performance against the Group PBT targets on a retrospective basis.

Long Term Incentives – Long Term Incentive Plan (LTIP) 2021

Awards granted during the period

Graham Wheeler was awarded 5,000 nil cost shadow share options under the 2021 LTIP in May 2023 at a notional nil exercise price, subject to achieving specified stretch Advantage PBT and ROCE targets for the year ended 31 January 2024.

Chris Redford was awarded 5,000 nil cost shadow share options under the 2021 LTIP in May 2023 at a notional nil exercise price, subject to achieving specified stretch Group PBT targets for the year ended 31 January 2024.

Ed Ahrens was awarded 3,000 nil cost shadow share options under the 2021 LTIP in May 2023 at a notional nil exercise price, subject to achieving specified stretch Group PBT targets for the year ended 31 January 2024.

No other shadow share options were envisaged to be granted to S&U directors and none were granted during the year ended 31 January 2024.

Awards vesting based on performance in respect the year ended 31 January 2024

No awards vested based on performance in respect of the year ended 31 January 2024 and therefore none have been included in the notes to the single figure tables on page 45.

Awards for 2024/25

The Committee intends to grant 3,000 nil cost shadow share options under the 2021 LTIP to Ed Ahrens, subject to achieving certain threshold Aspen PBT and ROCE targets for the year ending 31 January 2025.

The Committee also intends to grant 5,000 nil cost shadow share options under the 2021 LTIP to Chris Redford, subject to achieving certain stretch group PBT targets for the year ending 31 January 2025.

The LTIPs will normally become exercisable three years from grant, subject to the satisfaction of the performance conditions and the director remaining in employment. The Remuneration Committee considers that the targets are commercially sensitive and should therefore remain confidential to the Company. They provide our competitors with insight into our business plans, expectations and our strategic actions. However, the Remuneration Committee will continue to disclose how the LTIP vesting relates to performance against the Aspen and Group PBT and ROCE targets on a retrospective basis.

The table below shows a comparison between the actual amounts paid or vested in the year ending 31 January 2024 and the amounts granted for the year ending 31 January 2025.

		Amounts actually paid or vested in the year 2024	Amounts granted in the year (subject to the achievement of performance conditions) 2025
Anthony Coombs	Bonus	£0	£50,000
	Shadow share options	-	-
Graham Coombs	Bonus	£0	£50,000
	Shadow share options	-	-
Chris Redford	Bonus	£10,000	£40,000
	Shadow share options	0	5,000
Graham Wheeler*	Bonus	£20,000	n/a
	Shadow share options	0	n/a
Jack Coombs	Bonus	£10,000	£30,000
	Shadow share options	-	-
Ed Ahrens*	Bonus	£10,000	£30,000
	Shadow share options	0	3,000

* Graham Wheeler retired as CEO of Advantage Finance Limited on 31 January 2024. From 1 February 2024 Graham will remain on the S&U plc Board as a non-executive director. Therefore, no variable remuneration is shown in the table for 2025 for Graham.

For the year ending 31 January 2025, the Remuneration Committee considers that the significant shareholding held by Anthony Coombs, Graham Coombs and Jack Coombs provides adequate alignment to shareholders. No shareholding guideline applies to any of the other directors of the Company.

Total pension entitlements in 2023/24 (this section is subject to audit)

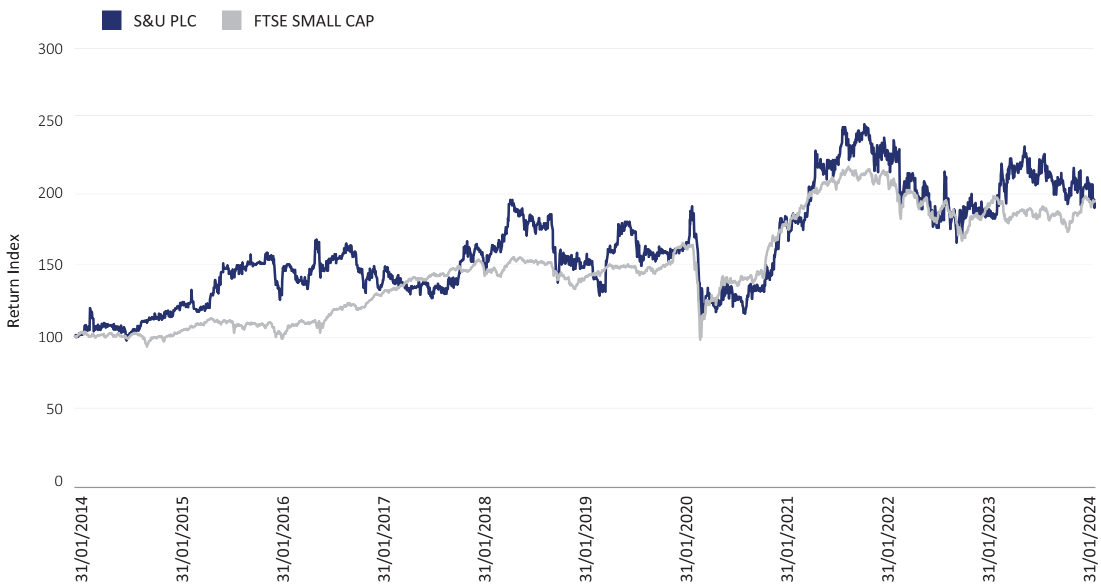
During the year the Group made contributions into a defined contribution scheme on behalf of Graham Wheeler, Jack Coombs and Chris Redford (or pays a salary supplement in lieu). None of the directors have accrued benefits under the defined benefit scheme.

Director	Defined contribution or salary supplement in lieu £000	Percentage of Salary %
Chris Redford	37	14.5
Graham Wheeler	31	10.0
Ed Ahrens	31	15.0
Jack Coombs	18	15.0

Company performance – shareholder return graph (this section is not subject to audit)

The following graph shows the Company's Shareholder Return performance, compared with the performance of the FTSE Small Cap, over the past ten years. This comparator has been selected since it illustrates S&U's relative performance within their sector.

10-year Total Shareholder Return Index at 31 January 2024



Executive Chairman Remuneration for the previous ten years (this section is not subject to audit)

The Group does not have a CEO, but the table below shows the detail required by the regulations for our executive chairman Mr Anthony Coombs:

	Single figure of remuneration £000	Annual bonus (% of maximum opportunity for the year) %	Long term incentive (% of maximum number of shares for the year) %
2024	467	0	n/a
2023	506	100	n/a
2022	469	100	n/a
2021	450	20	n/a
2020	427	33	n/a
2019	412	40	n/a
2018	387	0	n/a
2017	402	50	n/a
2016	394	100	n/a
2015	390	100	n/a

Percentage change in Executive Directors' Remuneration (this section is not subject to audit)

The table below sets out in relation to salary, taxable benefits and annual bonus the percentage increase in remuneration for executive directors and the wider workforce for the years ended 31 January 2024, 31 January 2023, 31 January 2022 and 31 January 2021.

Element	Anthony Coombs	Graham Coombs	Chris Redford	Graham Wheeler*	Jack Coombs**	Wider Workforce
Year to 31.1.24	%	%	%	%	%	%
Base salary	1.3	1.4	3.1	3.3	9.1	5.5
Allowances and benefits	7.3	2.9	0.0	0.0	2300.0	n/a
Bonus	(100.0)	(100.0)	(80.0)	(73.0)	(60.0)	(20.6)
Year to 31.1.23	%	%	%	%	%	%
Base salary	3.8	3.8	5.4	20.0	10.0	9.0
Allowances and benefits	3.8	(2.9)	0.0	(18.8)	0.0	n/a
Bonus	66.7	66.7	0.0	50.0	150.0	6.6
Year to 31.1.22	%	%	%	%	%	%
Base salary	0.0	0.0	0.0	0.0	n/a	3.0
Allowances and benefits	5.3	0.0	(15.4)	n/a	n/a	n/a
Bonus	100.0	100.0	100.0	100.0	n/a	186.9
Year to 31.1.21	%	%	%	%	%	%
Base salary	1.4	1.5	3.1	n/a	n/a	6.1
Allowances and benefits	60.0	0.0	(10.3)	n/a	n/a	n/a
Bonus	(40.0)	(40.0)	(19.4)	n/a	n/a	(42.0)

* Graham Wheeler was appointed a director of S&U plc on 29 September 2020, so no comparative data is available for the year to 31.1.21.

** Jack Coombs was appointed a director of S&U plc on 14 April 2021, so no comparative data is available for the year to 31.1.21 or the year to 31.1.22.

*** Ed Ahrens was appointed a director of S&U plc on 14 February 2023 (after the 31 January 2023 yearend) and so no comparative data is available to be shown in this table.

Anthony Coombs received benefits and allowances of £88,000 in the year ending 31 January 2024 and £82,000 in the year ending 31 January 2023. Anthony Coombs earned a bonus of £10,000 for the year ending 31 January 2024 which he waived payment of, so therefore his bonus payment is reported as £nil, and earned a bonus of £50,000 for the year ending 31 January 2023.

Graham Coombs received benefits and allowances of £35,000 in the year ending 31 January 2024 and £34,000 in the year ending 31 January 2023. Graham Coombs earned a bonus of £10,000 for the year ending 31 January 2024 which he waived payment of, so therefore his bonus payment is reported as £nil, and earned a bonus of £50,000 for the year ending 31 January 2023.

Chris Redford received benefits and allowances of £22,000 in the year ending 31 January 2024 and £22,000 in the year ending 31 January 2023. Chris Redford earned a bonus of £10,000 for the year ending 31 January 2024 and earned a bonus of £50,000 for the year ending 31 January 2023.

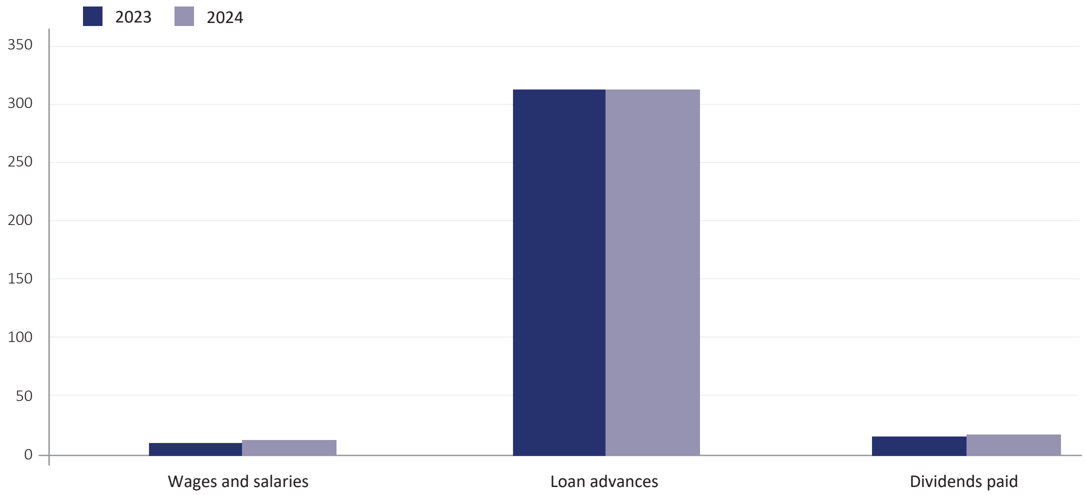
Graham Wheeler received benefits and allowances of £13,000 in the year ending 31 January 2024 and £13,000 in the year ending 31 January 2023. Graham Wheeler earned a bonus of £20,000 for the year ending 31 January 2024 and earned a bonus of £75,000 for the year ending 31 January 2023.

Jack Coombs received benefits and allowances of £23,000 in the year ending 31 January 2024 and £1,000 in the year ending 31 January 2023. Jack Coombs earned a bonus of £10,000 for the year ending 31 January 2024 and earned a bonus of £25,000 for the year ending 31 January 2023.

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, the average total number of UK employees within the S&U plc group for the relevant year was less than 250; accordingly, the Company is not currently required to report on the ratio of the Chairman's single total figure of remuneration relative to the Company's UK employees across the group. The Remuneration Committee shall continue to review and monitor its disclosure obligations under the Companies (Miscellaneous Reporting) Regulations 2018.

Relative Importance of Spend on Pay (this section is not subject to audit)

The graph below shows the relative importance of spend on pay against other cash outflows of the Group for the years ending 31 January 2023 and 31 January 2024. Given the nature of the Group's business, the other significant outflows for the Group are loan advances and dividends payable.



Payments for loss of office (this section is not subject to audit) and to past directors

There were no loss of office payments made during the year ended 31 January 2024.

Statement of directors' shareholding and share interests

The table below details the beneficial shareholdings and share interests of the directors as at 31 January 2024.

	Type	Total at 31 January 2024
Anthony Coombs	Shares	1,211,809
Graham Coombs	Shares	1,638,619
Chris Redford	Shares	11,000
Ed Ahrens	Shares	3,000
Jack Coombs	Shares	1,677,147
Non-executive directors		
Tarek Khlat	Shares	-
Graham Pedersen	Shares	-
Jeremy Maxwell	Shares	-
Graham Wheeler	Shares	-

In addition to the above holdings, Grevayne Properties Limited, a Company beneficially controlled by Anthony Coombs and Graham Coombs, holds 379,123 Ordinary Shares.

There are no share options held under the old LTIP 2010 scheme – there are no direct share interests arising under the new LTIP 2021 scheme agreed by shareholders at the AGM in 2021 as options which are granted under this new scheme are shadow share options only.

There are no specific shareholding requirements for directors and there have been no changes to the above shareholdings and share interests between 31 January 2024 and the date of this report.

Shareholder vote on the 2023 Remuneration Report and 2021 Remuneration Policy (this section is not subject to audit)

The table below shows the voting outcome at the 25 May 2023 AGM for the 2022 Directors Remuneration Report (advisory) and the voting outcome at the 20 May 2021 AGM for the 2021 Remuneration Policy:

	Number of votes "For" and "Discretion"	% of votes cast	Number of votes "Against"	% of votes cast	Total Number of votes cast	Number of votes "withheld"
Annual Report on Remuneration 2023	5,955,173	95.69	268,056	4.31	6,223,229	1,342
Remuneration Policy 2021	5,672,786	96.46	208,467	3.54	5,881,253	228

The Remuneration Committee welcomed the passing of the resolutions and the support shown by those Shareholders who voted in favour and the Remuneration Committee has taken steps wherever practicable to understand Shareholder concerns when withholding their support.

Approval

This report section B2 of the Annual Report and Accounts including The Annual Remuneration Report was approved by the Board of Directors on 10 April 2024 and signed on its behalf by:

Tarek Khlat
Chairman of the Remuneration Committee

10 April 2024

B3.1 Audit Committee Report

Role and Responsibilities

The Audit Committee is a committee of the Board of Directors, made up of independent non-executive directors. Its main role is to assist the Board and protect the interests of shareholders by reviewing the integrity and appropriateness of the Group's financial information, the systems of internal controls and risk management and the audit process, both internal and external. The Committee continues to monitor developments in other areas in this regard, to ensure that its role is properly and appropriately applied and performed. The Committee is cognisant of the evolving audit landscape for listed companies and is helping the company develop and embed its evolving response to climate change including the work for the task force on climate related disclosures (TCFD). Two members of the audit committee also serve on the Group's ESG and climate change committee.

Composition of the Committee and Meetings

The Company has established an Audit Committee which is constituted in accordance with the recommendations of the UK Corporate Governance Code. The members of the Committee are Mr G Wheeler who is a non-executive director and was appointed to the Committee on 1 February 2024 and Mr G Pedersen, Mr J Maxwell and Mr T Khlat, who are all independent non-executive directors. Biographical details of these directors are set out on pages 30 and 31. The Committee is chaired by Mr G Pedersen. Meetings are held not less than twice a year and generally three times a year in conjunction with the interim and full year financial reports issued in October and April and an external and internal audit planning meeting in January. The external or internal auditors or individual members of the Audit Committee may request a meeting if they consider one is necessary and the Committee ensure that discussions are held with the external auditors without executive Board members present. During the year ending 31 January 2024 three meetings were held including Audit planning meetings.

Significant Matters related to the financial statements

The significant matters and areas of judgement considered by the Audit Committee in relation to the January 2024 Financial Statements were as follows:

Impairment of receivables – Motor Finance – see also accounting policy 1.5 on page 75.

Receivables are impaired in Motor Finance based on the overall contractual arrears status and also the number of cumulative contractual monthly payments that have been missed in the last six months. Impairment is calculated using models which use historical payment performance and amounts recovered from security realisation to generate the estimated amount and timing of future cash flows from each arrears stage. In addition, and in accordance with the provisions of IFRS9 a collective provision is made for expected credit losses in the next 12 months in the remainder of the loan book which again references historical payment performance and amounts recovered.

Judgement is applied as to the appropriate point at which receivables are impaired and the level of cash flows that are expected to be recovered from impaired customers.

In order to assess the appropriateness of the judgements applied, an exercise is performed to assess the most recent performance of customers, including the cash collection and recovery performance of impaired customers. This is used to help forecast expected cash collections which are then discounted at the effective interest rate and compared to the carrying value of receivables at the yearend with the difference being the impairment provision.

In assessing the adequacy of the Motor Finance impairment provision, the Audit Committee considers, reviews and challenges;

a) The work performed by management and by Mazars in auditing the data used and their challenge of the assumptions used by management; and

b) The findings in light of current trading performance and expected future trading performance.

Revenue Recognition – Motor Finance - see also accounting policy 1.4 on page 74.

Interest income is recognised in the income statement for all loans and receivables measured at amortised cost using the constant period rate of return on the net investment in the loan which is akin to an effective interest rate method (EIR). The EIR is the rate that exactly discounts the expected future cash flows of the loan back to present value being the amount advanced to the customer and hire purchase interest income is then recognised using the EIR. Acceptance fees and any direct transaction cost are included in the calculation of EIR.

In assessing the appropriateness of revenue recognition, the Audit Committee considers;

a) The work performed by management and by Mazars as part of their external audit, including their challenge of the assumptions used by management; and

b) The findings in light of current trading experience and expected future trading experience.

The Committee also reviewed the impairment, revenue recognition and strong receivables growth of our Property Bridging Finance business which is currently less material than motor finance. There were no issues and areas of judgement considered significant by the Committee in relation to Aspen Bridging.

External Audit

The Committee formally reviews the effectiveness of the external auditors, Mazars LLP, and the Group's relationship with them. The review consists of a list of relevant questions, which it discusses with the Group Finance Director, before discussing them with external auditors.

As a result, the Committee concluded that the external audit process during Mazars LLP's second year as our auditors was effective this year. After a rigorous tender process Mazars LLP were formally appointed as group auditors at the AGM in May 2021, taking over from Deloitte LLP who had been Group Auditors since 2000.

The Audit Committee and Mazars have put in place safeguards to ensure that the independence and objectivity of the external auditor is maintained including governing the external auditor's engagement for non-audit services. In line with rules for public interest entities the provision of tax compliance services was placed with KPMG with effect from 1 February 2017 and we also now use KPMG for guidance on directors' remuneration and reporting matters. Fees paid to the external auditor are shown in note 8 to the accounts. Overall the fees paid to the external auditor for non-audit services were £30,000 (2023: £25,000) and this was for the half year review of interim results. The audit committee have continued to monitor the quality of service they provided and their continuing independence. They examined Mazars transparency report which demonstrates how audit quality is maintained in line with the "Audit Quality Framework" issued by the professional oversight board of the Financial Reporting Council. They also considered Mazars' understanding of S&U plc's business, their access to appropriate specialists, and their understanding of the financial sector in which the Group operates.

In accordance with this policy the Audit Committee ensured no external service provided by the auditors involved it in management of functions or decision making or in influencing Management's view on the adequacy of internal controls or financial reporting. If it were to be material to the Group, any Corporate Finance or other advice that Mazars provided during the year would be reviewed by the Audit Committee to ensure that they did not compromise the auditing function of Mazars in any way.

Internal Audit

During the year, RSM have continued to provide internal audit services for the Group. An agreement, overseen by the Audit Committee, has been entered into with RSM who will be responsible for regular internal audits of the Group's Regulatory Controls, Customer Compliance, Risk Management and Governance Policy and Procedures.

The Committee considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Graham Pedersen
Chairman of the Audit Committee

10 April 2024

B3.2 Corporate Governance

The 2018 UK Corporate Governance Code issued by the FRC was applicable for the whole of the financial year ended 31 January 2024. The FRC have reviewed the code and issued a new UK Corporate Governance Code 2024 (effective 2025) containing a small number of changes. The 2024 code will first apply to S&U plc for its financial year ended 31 January 2026 and we report below on our adherence to the current 2018 UK Corporate Governance Code.

Narrative Statement

The way in which we comply with the Code's Provisions, or explain where we do not is described below in the five areas of "Board Leadership and Company Purpose, Divisions of Responsibilities, Composition, succession and evaluation, Audit risk and internal control and Remuneration." In addition, our Chairman's Statement provides guidance as to how we interpret the revised codes more flexible approach in giving clear reasons for any non-compliance within the provisions. The rationale for this includes a "Company's particular circumstances based on a range of factors, including the size, complexity, history and ownership structure."

In S&U's case this has always meant an identity of interest between major shareholders and the executive management of the Company. The requirement of the Code of Principles for Board's to "promote the long-term sustainability or success of the Company, generating value for shareholders and contributing to wider society" is sustained by this and by our consistent mantra of "steady, sustainable growth." Our mission statement is published on the inside front cover. Family investment and management has over the past 85 years been reflected in ambition for growth and for new markets buttressed by a conservative approach to risk, to treasury activities and to return on capital employed. The same culture is seen in "work force engagements" through employment stability, good communications and a streamlined, non-bureaucratic, management structure, as a staple of S&U well before the Governance Code even existed.

This has inevitably meant some departure from the detailed Provisions of the Code which primarily focusses on larger companies, a more formal approach to employee relations, a shorter history to establish a proven responsible culture, and a divorce between equity and management. We have carefully explained the reasons for any departures and will hopefully, as the revised code requires, now see these considered by investors and their representatives "thoughtfully" and not evaluated in "a mechanistic way".

Leadership

During the year the Company was controlled through the Board of Directors which at 1 February 2024 comprised five executive and four non-executive directors. The Chairman is 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.

Under Provision 9 of the Code it is recommended that the Chairman should be independent on appointment and should not have previously served as Chief Executive of the Company and under Provision 19 of the Code it is recommended that the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board. Mr. Anthony Coombs was appointed Chairman in 2008 as part of an established succession plan reflecting the Coombs family's significant holding in S&U, the identity of interest between management and shareholders and the consequent success of the Company. As explained above this has been (and is perceived by the investing community) as a significant strength in the responsible, long-term strategic approach to S&U's development.

Mr. Coombs now serves as Executive Chairman and his responsibilities as Managing Director have been transferred to the Chief Executive of Advantage Finance and the Chief Executive of Aspen Bridging.

The Board has a formal schedule of matters reserved to it and meets at least four 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 the business. This includes its code of conduct, its annual budgets, its progress towards achievement of those budgets and its 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. The Board has established a Nomination Committee, an Audit Committee and a Remuneration Committee. Each Committee operates within defined terms of reference. Advantage Finance and Aspen Bridging are each managed by a separate board of directors. The minutes 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 and on our website www.suplc.co.uk.

Graham Pedersen was appointed to the Board in February 2015 and brings a wealth of experience to the S&U Board both as a regulator and a banker. He has therefore served as a non-executive director on the Board for over nine years. Notwithstanding this length of service, the Board considers him to be independent due to his robust judgement and character and the invaluable balance and experience he has brought to the Board's deliberations. In March 2016, Tarek Khlat, a Banker, FCA Approved Person and Wealth Manager of great experience and expertise was appointed to the Board. In January 2022, Jeremy Maxwell was appointed to the Board and brings broad expertise in digital innovation, marketing, commercial development and customer experience from over 25 years in the retail and B2B distribution industries.

On 1st February 2024, after the end of the financial year, Graham Wheeler was appointed as a non-executive of the Board following his retirement as CEO of Advantage Finance. In his new non-executive capacity Graham will continue to bring the benefit of over 40 years of experience in the motor and finance sectors to the S&U Board. On 14th February 2023 and as mentioned in last year's report, Ed Ahrens the CEO of Aspen Bridging was appointed to the Board of S&U plc as an Executive Director. This was considered appropriate given his prudent and controlled leadership of our growing property bridging business and the wide range of skills and experience from his banking background which enhance the overall Board management of the Group. On 2nd October 2023, Demetrios Markou retired as a non-executive director of S&U plc after 25 years of careful and dedicated service to S&U plc.

The Nomination Committee, chaired by Mr. J Maxwell, comprises the four non-executive directors and Anthony Coombs, Group Chairman. Audit and Remuneration Committees are made up of the four non-executive directors and chaired by Graham Pedersen and Tarek Khlat respectively.

Board Effectiveness and the work of the Nomination Committee

Our executive directors are appraised annually by the Chairman, the Deputy Chairman and the independent non-executives. The Chairman and the Deputy Chairman are appraised annually by the independent non-executives. The results of these appraisals are considered by the Remuneration Committee for the determination of their remuneration recommendations. During the year there was no external evaluation of the Board but the performance of the Board and each of the Board Committees was reviewed by the Board with regard to the performance and achievements during the year. The performance of the Board and all three committees was self-assessed by the Board to be effective.

Our non-executive directors receive full updates on Company progress and relevant issues and bring their experience and sound judgement to bear on matters arising. The Chairman considers the effectiveness of each non-executive director annually.

Directors have both the time and experience to fulfil their responsibilities and none sit on other PLC boards. The Nomination Committee advises the Board on refreshment and succession planning, whilst independent recruitment consultants are used for important executive roles. During the current year the Nomination Committee played a significant role in the appointment of Ed Ahrens, an appointment which enhances the relevant skills and experience of the Board. The Committee together with appropriate outside advisers also played a key role in the succession planning and the successor recruitment process ahead of the retirement of Graham Wheeler as CEO of Advantage Finance on 31 January 2024. Within this process the Nomination Committee also considered the potential suitability of Advantage Finance CEO candidates to join the S&U Board after a suitable assessment period. The recruitment process led to the successful appointment of Karl Werner to succeed Graham Wheeler as CEO of Advantage Finance on 1st February after a planned 3-month handover period. Karl was formerly Managing Director of Motor, Aldermore Bank and before that Deputy CEO of MotoNovo Finance and is already bringing his extremely impressive skills to his new role as CEO of Advantage Finance. The Nomination Committee will continue to monitor the availability of relevant skills and experience alongside its corporate governance responsibilities, in its further succession planning and when considering any future appointments to the Board. Whilst the Board notes the Code's focus on diversity, both Board and executive appointments are made purely on the basis of ability and temperament, irrespective of race, gender or sexual orientation.

Messrs Anthony Coombs, Graham Coombs, Chris Redford, Ed Ahrens, Jack Coombs, Graham Pedersen, Tarek Khlat, Jeremy Maxwell and Graham Wheeler being eligible offer themselves for re-election at the next Annual General

Meeting. Tarek Khlat, Graham Pedersen, Graham Wheeler and Jeremy Maxwell are non-executive directors and the Chairman has determined their performance to be both effective and committed.

The Senior Independent Director Tarek Khlat provides a sounding Board and objective support for the Chairman and serves as an intermediary for the other directors when necessary.

The Company Secretary Manjeet Bhogal is available to provide advice and services to all Board members and is responsible for ensuring Board procedures are followed. All directors are also able to take independent advice in furtherance of their duties if necessary.

Accountability

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 Strategic Report within pages 10 to 27, 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 61 and those of the auditor on page 66.

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 Group's internal control systems are reviewed regularly by management and by our independent internal auditors RSM with the aim of continuous improvement. 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 Audit Committee overviews the monitoring of the adequacy of the Group's internal controls and whistleblowing procedures.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. 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 including a review during the reporting period and accords with the guidance in the UK Corporate Governance 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.

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 Auditor

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 auditor attending by invitation and RSM as a regular attendee in order that the Committee can review the external and internal audit process and results. The Committee overviews 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 auditor reports 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 auditor. This is assessed through examination of the nature and value of non-audit services performed during the year. The value of non-audit services is disclosed on page 55 and all non-audit service requirements are considered by the Group before an appointment is made. The non-audit services provided were audit-related assurance.

Equality and Diversity

The Group is committed to ensuring that existing members of staff, job applicants, or workers are treated fairly in an environment which is free from any form of discrimination. The Group will always wish to ensure appointments reflect the best skills available for the role. Currently 14 women hold 33% of senior management positions and women hold 62% of other employee positions and during the year no female directors served on the Board. Currently 29 men hold 67% of senior management positions and men hold 38% of other employee positions and during the year nine male directors served on the Board. The Company had 11 employees of which two are women and nine are men including seven S&U plc Directors. In total all nine of the current S&U plc board of directors are men of which one is from a minority ethnic background. The Board therefore confirms in accordance with listing rule 9.6.8 (9) that as at 31 January 2024 it had not met the targets for listed companies of at least 40% of the individuals on the board of directors being women and at least one of the senior board positions being a woman, due principally to other candidates having more particular skills and experience for the handful of recent appointments made. Whilst we believe appointments will continue to be made on relevant ability and experience, we would like to make better progress towards these targets and welcome more women to the Board. The Board confirms that it has met the target that at least one individual on its board of directors is from a minority ethnic background. The tables required under Listing Rule 9.8.6R (10) are set out on page 58:

B3 Governance CONTINUED

Table for reporting on gender identity or sex	Number of board members	% of board	Number of senior positions on board	Number in executive management	% of executive management
Men	9	100%	3	20	59%
Women	0	0%	0	14	41%
Not specified or prefer not to say	0	0%	0	0	0%
White British or other white	8	89%	2	33	97%
Mixed/Multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	1	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group including Arab	1	11%	1	0	3%
Not specified or prefer not to say	0	0%	0	0	0%

Board and Committee attendance

The attendance of individual directors at the regular meetings of the Board and its Committees during the year ended 31 January 2024 is shown in the table below:

Meeting Attendance	Board	Nomination	Remuneration	Audit
Number of meetings	**5**	**1**	**1**	**4**
AMV Coombs	5	0	n/a	n/a
GDC Coombs	5	n/a	n/a	n/a
G Pedersen	5	1	1	3
T Khlat	5	1	1	3
JP Maxwell	5	1	1	3
D Markou (retired 2.10.23)	2	0	1	1
J EC Coombs	5	n/a	n/a	n/a
EH Ahrens (appointed 14.2.23)	4	n/a	n/a	n/a
TG Wheeler	5	n/a	n/a	n/a
CH Redford	5	n/a	n/a	n/a

Ed Ahrens was appointed to the Board on 14 February 2023 and there was one Board meeting ahead of this appointment.

Remuneration

The Remuneration Committee has specific terms of reference which deal with its authority and duties and these, together with details of how the Company has complied with the Remuneration provisions of the UK Corporate Governance Code, are detailed in the Directors Remuneration Report on page 32.

Relations with Stakeholders

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 twenty 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 have been taken in recent years to enhance these relationships. Twice yearly road shows are conducted by the Chairman and senior directors when the performance and future strategy of the company is discussed with larger shareholders. Queries from all shareholders are dealt with personally by the Chairman.

Members of the Board including the Chairman meet frequently with shareholders and conduct regular roadshows throughout the UK to present to current and future investors. Shareholder and Investor relations are managed in tandem with our Stockbroker Peel Hunt who issue regular reports on these activities.

Mutual commitment and loyalty between the Company and its employees has under-pinned S&U's 86-year history. Both its size, with currently over 200 employees in Grimsby and over 20 in Solihull and its family ethos ensure that the "employee voice" is heard and heeded. Regular appraisals and feedback meetings are held and internal promotion is encouraged. As a result, staff retention rates are very high. Whistle-blower Policies are in place at Advantage.

The size, history and culture of the company encourage participation of all directors and senior management and employee relations and make designated board members or workforce committees unnecessary.

Although, the S&U Group does not have a formal mechanism of staff engagement with the Board, staff in the major operating subsidiary, Advantage Finance, do actively participate in regular "cascade" meetings where business developments and resourcing levels are discussed. It is felt that such practices do allow proper workforce engagement to take place without the specific need to create a formal "Staff Consultative" committee structure.

B3.3 Compliance Statement

Throughout the year ended 31 January 2024 the company has discharged and met its responsibilities under the Principles and Provisions of the 2018 UK Corporate Governance Code and under the guidance attached to it. Where it has not followed provisions 9 and 19 of the code with its appointment of the Chairman in 2008 and service thereafter, "a clear rationale for the action" is also set out above.

Jeremy Maxwell
Chairman of the Nomination Committee

10 April 2024

B4 Directors' Report

The directors present their Annual Report and the audited financial statements for the year ended 31 January 2024 and for the period up to the date of signing these accounts on 10 April 2024.

The names of all of the directors who served during the year and up to the date of signing the accounts are shown in the directors' biographies on page 30. The CEO of our Advantage motor finance business Graham Wheeler retired from that role on 31 January 2024 but has agreed to stay on the board of S&U plc as a non-executive director from 1st February 2024. We are pleased that we will continue to receive benefit of his over 40 years' experience in the industry. Our non-executive director Demetrios Markou retired from the Board on 2nd October 2023. As announced in last year's report Ed Ahrens the CEO of our Aspen bridging business was appointed to the S&U Board on 14th February 2023. All the other current directors served for the full year to 31 January 2024.

No political donations were made during the year (2023: £nil).

Dividends

Dividends of £16,154,000 (2023 £15,546,000) were paid during the year.

After the year end a second interim dividend for the financial year of £4,253,000 being 35.0p per ordinary share (2023: 38.0p) was paid to shareholders on 8 March 2024.

The directors now recommend a final dividend, subject to shareholders approval of 50.0p per share (2023: 57.0p). This, together with the interim dividends totalling 70.0p per share (2023: 73.0p) already paid, makes a total dividend for the year of 120.0p per share (2023: 133.0p).

Substantial shareholdings

At 10 April 2024, 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 on page 52 of the Directors' Remuneration Report above):-

Shareholder	No of ordinary shares	% of Ordinary share capital
Jennifer Coombs	461,885	3.8%
Wiseheights Limited	2,420,000	19.9%

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued shared capital during the year are shown in note 21. The Company has one class of ordinary shares which carry no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company. The cumulative preference shares carry 6% interest but do not carry voting rights.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Changes in accounting policies

There were no significant changes in accounting policies this year.

Auditor

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 auditor is 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 auditor is 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.

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

Post balance sheet events

There are no significant post balance sheet events to report.

B4 **Directors' Report** CONTINUED

Directors

Under article 154 of the Company's articles of association, the Company has qualifying third party indemnity provisions for the benefit of its directors and those of subsidiary company directors which remain in force at the date of this report. The two matters to report under the disclosure requirements of the Large and Medium-sized Companies and Groups (Report and Accounts) Regulations 2008, are that;

1. The Board may appoint a director during the year and until the dissolution of the next AGM as long as the maximum number of 15 directors is not exceeded.
2. The Board have the power to issue and allot up to 10% of the ordinary share capital of the company and to buy back up to 3,598,506 31.5% preference shares and up to 200,000 6% preference shares of the company.

The two matters required to report under listing rule 9.8.4R are as follows:

1. The Company has a long-term incentive scheme (LTIP 2021) with awards of shadow share options which can only be cash settled. Details of awards under this scheme to directors are shown in section B2.2.
2. Under the old long-term incentive scheme (LTIP 2010) nil ordinary shares were issued during the year as per note 27 to the accounts. The 5,500 issued in the year ended 31 January 2023 were the last shares which could be issued under this LTIP 2010.

Information presented in other sections

Certain information required to be included in the Director's report can be found in other sections of the Annual Report and Accounts as described below. All the information presented in these sections is incorporated by reference into this Director's report and is deemed to form part of this report.

- Information surrounding future developments is given in the Strategic Report and Chairman's Statement.
- Information surrounding engagement with customers, business partners and others is given in the Strategic Report and S172 Statement.
- Disclosures concerning greenhouse gas emissions are given in Section A4.4 in the Strategic Report.
- Information about the Group's use of financial instruments is given in the note to the accounts 23.

The Board confirms that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Approved by the Board of Directors and

Manjeet Bhogal

Manjeet Bhogal
Company Secretary

10 April 2024

B5 Directors' Responsibilities Statement

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 parent company (the "company") and Group financial statements in accordance with UK-adopted international accounting standards. 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 and the Group for that period. In preparing these financial statements, the directors are required to:

- properly select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group'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 group 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 UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the company and the undertakings included in the consolidation taken as a whole;
- the strategic 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; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By order of the Board

Anthony Coombs
Chairman

10 April 2024

Chris Redford
Group Finance Director

10 April 2024

CORPORATE GOVERNANCE

C1 Independent Auditor's Report to the Members of S&U Plc

Opinion

We have audited the financial statements of S&U plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2024 which comprise the group income statement, the group and parent company statements of comprehensive income, the group and parent company balance sheets, the group and parent company statements of changes in equity, the group and parent company cash flow statements and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's and the parent company's future financial performance
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions. This included assessing the viability of mitigating actions within the directors' control;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Reviewing regulatory correspondence, minutes of meetings of the Audit Committee and the Board of Directors, and post balance sheet events to identify events of conditions that may impact the group's and the parent company's ability to continue as a going concern;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to S&U plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matter in forming our opinion above, together with an overview of the principal audit procedures performed to address that matter and our key observations arising from those procedures.

This matter, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Measurement of loan impairments on loans and advances to customers - Group 2024: £104.6m (2023: £96.5m). *Refer to note 1.5 for the accounting policy, note 1.13 for details of the key sources of estimation uncertainty and note 16 for relevant disclosures.* **The estimation of expected credit losses (ECL) on loans and advances to customers is complex and inherently judgemental.** **The models require probabilities of default (PD), loss given default (LGD) and exposures at default (EAD) to be determined, as well as significant increase in credit risk (SICR) triggers, that are altogether adjusted to take into account probability weighted forward-looking economic scenarios.** **In the financial year, this has been made all the more challenging by the cost-of-living crisis putting additional financial pressure on household finances and their ability to service debt, greater volatility in used vehicle prices and how management's loan provision reflects these risks.** **The unprecedented economic environment is making modelling even more challenging, including the Group's choice of macroeconomic scenarios and weightings.** **The ECL model is most sensitive to:** • **Identification of SICR and the resulting staging of loans, and** • **The core PD and LGD assumptions.** The range of reasonable outcomes could be greater than materiality for the financial statements as a whole.	Our audit procedures included, but were not limited to: • Understanding and evaluating the control environment over the ECL model; • Challenging the key assumptions of the PD, LGD and SICR and the staging applied; • Critically assessing the methodology for determining the SICR criteria and independently test a sample of loans for appropriateness of staging; • Independently challenging the forward-looking economic scenarios and their probability weightings; • Assessing the integrity of data used in the calibration of the PD and LGD; and • Performing a stand back assessment of the resulting ECL estimates to assess its reasonableness. **Our observations** Based on the audit procedures performed, we found the resulting estimate of the loan impairment provision as of 31 January 2024 and the approach taken in respect of ECL are consistent with the requirements of IFRS 9 and that the judgements made were reasonable.

The key audit matter remains consistent from prior year, except that the key audit matter in respect to revenue recognition – constant periodic rate of return assessment as per IFRS 16 is no longer considered a KAM. The calculation of dealer commissions, which was previously a manual process, was automated during that year and the transition to automatic calculation simplified the audit procedures required to gain sufficient appropriate evidence on this matter so that it is no longer considered a key audit matter in the current year's audit.

C1 Independent Auditor's Report to the Members of S&U Plc CONTINUED

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	£1.7m (2023: £2.1m)
How we determined it	5% of profit before tax (PBT) (2023: 5% of PBT)
Rationale for benchmark applied	We determined PBT to be the most appropriate benchmark to assess the performance of this profit-focused group.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £1.1m (2023: £1.3m), which represents 65% (2023: 65%) of overall materiality. In determining the performance materiality, we considered a number of factors, including the effectiveness of internal controls and the history of misstatement, and concluded that an amount toward the upper end of our normal range was appropriate.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £50,000 (2023: £62,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£0.7m (2023: £0.7m)
How we determined it	1% net assets (2023: 1% net assets)
Rationale for benchmark applied	Net assets are used as the basis for materiality because the parent company is primarily a holding company for the trading components of the Group, as such we consider net assets to reflect its holding activities.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £0.5m (2023: £0.5m), which represents 65% (2023: 65%) of overall materiality. In determining the performance materiality, we considered a number of factors, including the effectiveness of internal controls and the history of misstatement, and concluded that an amount toward the upper end of our normal range was appropriate.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £21,000 (2023: £21,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, all components of the group, including the parent company, were subject to full scope audit. This provided 100% coverage of group revenue, PBT, total assets and net assets.

All audit procedures across all entities were performed by the group engagement team. At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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; or
- a corporate governance statement has not been prepared by the parent company.

C1 Independent Auditor's Report to the Members of S&U Plc CONTINUED

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to S&U plc's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 15;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 15;
- Directors' statement on fair, balanced and understandable, set out on page 60;
- Board's confirmation that it has carried out a robust assessment of the e-merging and principal risks, set out on page 13;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 14; and;
- The section describing the work of the audit committee, set out on page 54.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 61, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: breaches of the regulatory requirements of the Financial Conduct Authority ('FCA') and the Listing Rules.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including the FCA;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to those areas as should in our key audit matter, IFRS 16 constant yield revenue recognition (which we pinpointed to the existence and accuracy assertions), and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Audit Committee on 4 August 2021 to audit the financial statements for the year ending 31 January 2022 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 January 2022 to 31 January 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

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 auditor's 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.

David Allen (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and
Statutory Auditor

30 Old Bailey, London, EC4M 7AU

10 April 2024

The Accounts

IN THIS SECTION

D1 The Accounts
D1.1 Group income Statement
FOR THE YEAR ENDED 31 JANUARY 2024

From continuing operations	Notes	2024 £000	2023 £000
Revenue	3	**115,437**	102,714
Cost of sales	4	**(22,821)**	(23,676)
Impairment charge	5	**(24,203)**	(13,877)
Gross profit		**68,413**	65,161
Administrative expenses	6	**(19,767)**	(16,256)
Operating profit	8	**48,646**	48,905
Finance costs	9	**(15,062)**	(7,495)
Profit before taxation	2	**33,584**	41,410
Taxation	11	**(8,147)**	(7,692)
Profit for the year attributable to equity holders		**25,437**	33,718
Earnings per share			
Basic	13	**209.2p**	277.5p
Diluted	13	**209.2p**	277.5p

Statement of Comprehensive Income

	Note	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Profit for the year attributable to equity holders		**25,437**	33,718	**16,445**	16,039
Actuarial loss on defined benefit pension scheme	28	**(6)**	(13)	**(6)**	(13)
Total Comprehensive Income for the year		**25,431**	33,705	**16,439**	16,026

Items above will not be reclassified subsequently to the Income Statement.

D1.2 **Balance Sheet**

AS AT 31 JANUARY 2024
COMPANY REGISTRATION NO: 0342025

	Note	**Group 2024 £000**	Group 2023 £000	**Company 2024 £000**	Company 2023 £000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**2,310**	2,616	**376**	446
Investments	15	**–**	–	**1**	1
Amounts receivable from customers	16	**241,985**	219,305	**–**	–
Trade and other receivables	17	**–**	–	**223,500**	210,000
Deferred tax assets	20	**155**	110	**30**	15
		244,450	222,031	**223,907**	210,462
Current assets					
Amounts receivable from customers	16	**220,953**	201,405	**–**	–
Trade and other receivables	17	**1,442**	1,601	**72,318**	57,833
Cash and cash equivalents		**1**	3,137	**85**	–
		222,396	206,143	**72,403**	57,833
Total assets		**466,846**	428,174	**296,310**	268,295
LIABILITIES					
Current liabilities					
Bank overdrafts and loans	18	**(881)**	–	**–**	(273)
Trade and other payables	19	**(4,897)**	(4,602)	**(670)**	(711)
Current tax liabilities		**(564)**	(888)	**(100)**	(69)
Lease liabilities		**(170)**	(166)	**(72)**	(51)
Accruals		**(1,971)**	(1,262)	**(289)**	(225)
		(8,483)	(6,918)	**(1,131)**	(1,329)
Non-current liabilities					
Borrowings	18	**(223,500)**	(195,500)	**(223,500)**	(195,500)
Lease liabilities		**(251)**	(421)	**(220)**	(292)
Financial liabilities	22	**(450)**	(450)	**(450)**	(450)
		(224,201)	(196,371)	**(224,170)**	(196,242)
Total liabilities		**(232,684)**	(203,289)	**(225,301)**	(197,571)
NET ASSETS		**234,162**	224,885	**71,009**	70,724
Equity					
Called up share capital	21	**1,719**	1,719	**1,719**	1,719
Share premium account		**2,301**	2,301	**2,301**	2,301
Profit and loss account		**230,142**	220,865	**66,989**	66,704
Total equity		**234,162**	224,885	**71,009**	70,724

The parent company's profit for the financial year after taxation amounted to £16,445,000 (2023: £16,039,000)

These financial statements were approved by the Board of Directors on 10 April 2024.

Signed on behalf of the Board of Directors

AMV Coombs
Chairman

CH Redford
Group Finance Director

D1.3 Statement of Changes In Equity

FOR THE YEAR ENDED 31 JANUARY 2024

Group	Notes	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 February 2022		1,718	2,301	202,728	206,747
Profit for year		–	–	33,718	33,718
Other comprehensive income for year		–	–	(13)	(13)
Total comprehensive income for year		–	–	33,705	33,705
Issue of new shares in year	21	1	–	–	1
Cost of future share-based payments	27	–	–	6	6
Tax charge on equity items	20	–	–	(28)	(28)
Dividends	12	–	–	(15,546)	(15,546)
At 31 January 2023		1,719	2,301	220,865	224,885
Profit for year		–	–	25,437	25,437
Other comprehensive income for year		–	–	(6)	(6)
Total comprehensive income for year		–	–	25,431	25,431
Dividends	12	–	–	(16,154)	(16,154)
At 31 January 2024		1,719	2,301	230,142	234,162

Company		£000	£000	£000	£000
At 1 February 2022		1,718	2,301	66,246	70,265
Profit for year	10	–	–	16,039	16,039
Other comprehensive income for year		–	–	(13)	(13)
Total comprehensive income for year		–	–	16,026	16,026
Issue of new shares in year	21	1	–	–	1
Cost of future share-based payments	27	–	–	6	6
Tax charge on equity items	20	–	–	(28)	(28)
Dividends	12	–	–	(15,546)	(15,546)
At 31 January 2023		1,719	2,301	66,704	70,724
Profit for year	10	–	–	16,445	16,445
Other comprehensive income for year		–	–	(6)	(6)
Total comprehensive income for year		–	–	16,439	16,439
Dividends	12	–	–	(16,154)	(16,154)
At 31 January 2024		1,719	2,301	66,989	71,009

D1.4 Cash Flow Statement

FOR THE YEAR ENDED 31 JANUARY 2024

	Note	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Net cash used in operating activities	24	**(446)**	(55,265)	**(14,314)**	(68,516)
Cash flows used in investing activities					
Proceeds on disposal of property, plant and equipment		**76**	166	**–**	88
Purchases of property, plant and equipment	14	**(265)**	(826)	**(27)**	(419)
Net cash used in investing activities		**(189)**	(660)	**(27)**	(331)
Cash flows from financing activities					
Dividends paid	12	**(16,154)**	(15,546)	**(16,154)**	(15,546)
Finance cost paid		**(15,062)**	(7,495)	**(141)**	(142)
Finance income received		**–**	–	**3,045**	2,648
Issue of new shares		**–**	1	**–**	1
Receipt of new borrowings		**173,500**	84,500	**173,500**	84,500
Repayment of borrowings		**(145,500)**	–	**(145,500)**	–
Increase/(decrease) in lease liabilities		**(166)**	170	**(51)**	260
Net (decrease)/increase in overdraft		**881**	(2,568)	**(273)**	(2874)
Net cash generated from financing activities		**(2,501)**	59,062	**14,426**	68,847
Net increase/(decrease) in cash and cash equivalents		**(3,136)**	3,137	**85**	–
Cash and cash equivalents at the beginning of year		**3,137**	–	**–**	–
Cash and cash equivalents at the end of year		**1**	3,137	**85**	–
Cash and cash equivalents comprise					
Cash and cash in bank		**1**	3,137	**85**	–

There are no cash and cash equivalent balances which are not available for use by either the Group or the Company (2023: £nil).

THE ACCOUNTS

1. Accounting Policies

1.1 General Information

S&U plc is a Company incorporated in England and Wales under the Companies Act and is a public company limited by shares. The address of the registered office is given on page 100 which is also the Group's principal business address. All operations are situated in the United Kingdom. S&U plc is the parent and the ultimate parent company of the group. S&U plc is a listed holding company and within the group the main operations are motor finance and property bridging finance.

1.2 Basis of preparation and consolidation

As a listed Group we are required to prepare our consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted international accounting standards. We have also prepared our S&U plc Company financial statements in in conformity with the requirements of the Companies Act 2006 and UK-adopted international accounting standards. Under S404 of the Companies Act 2006, the parent company S&U plc has taken exemption from reporting its own profit and loss. These financial statements have been prepared under the historical cost convention. The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the year ended 31 January 2024. As discussed in the strategic 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 of at least 12 months from the date of the approval of the financial statements.

There are no new standards which have been adopted by the group this year which have a material impact on the financial statements of the Group.

All companies within the Group are 100% owned and consolidated and the assets, liabilities, costs and revenues are fully consolidated. All intercompany balances and transactions are eliminated on consolidation.

At the date of authorisation of these financial statements the directors anticipate that the adoption in future periods of any other 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 Financial assets and financial liabilities accounting policy

When initially recognising a financial asset, it is classified into one of the following three categories based on the group's business model for managing that asset and the asset's contractual cash flow characteristics:

i) Amortised cost – a financial asset is measured at amortised cost if both of the following conditions are met:
   a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
   b) The contractual terms of the financial asset give rise on specified dates to cash flows that are payments of principal and interest on the principal amount outstanding.

ii) Fair value through other comprehensive income – financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

iii) Fair value through profit or loss – any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

The group has classified its financial assets and its financial liabilities as measured at amortised cost.

1.4 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 costs are included in the calculation of the EIR. For hire purchase agreements in Advantage Finance which are classified as credit impaired (i.e. stage 3 assets under IFRS 9), 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 adopted for similar assets in Aspen. Revenue starts to be recognised from the date of completion of the loan – after completion hire purchase customers have a 14-day cooling off period during which they can cancel their loan.

1. Accounting Policies (CONTINUED)

1.5 Impairment and measurement of amounts receivable from customers

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

Amortised cost includes a deduction for loan loss impairment provisions for expected credit losses ("ECL") assessed by the directors in accordance with the requirements of IFRS9.

There are 3 classification stages under IFRS9 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

The directors assess whether there is objective evidence that a loan asset or group of loan assets is credit impaired and should be classified as stage 3. A loan asset or a group of loan assets is credit impaired only if there is objective evidence of credit 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 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. Under IFRS 9 for all stage 1 accounts which are not credit impaired, a further collective provision for expected credit losses in the next 12 months is calculated and charged to the income statement.

Key assumptions in ascertaining whether a loan asset or group of loan assets is credit impaired include information regarding the probability of any account going into default (PD) and information regarding the likely eventual loss including recoveries (LGD). These assumptions and assumptions for estimating future cash flows are based upon observed historical data and updated to reflect current and future conditions. As required under IFRS9, all assumptions are reviewed regularly to take account of differences between previously estimated cash flows on impaired debt and the eventual losses.

For all loans in stages 2 and 3 a provision equal to the lifetime expected credit loss is taken. In addition and in accordance with the provisions of IFRS9 a collective provision for 12 months expected credit losses ("ECL") is recognised for the remainder of the loan book which is Stage 1. 12-month ECL is the portion of lifetime ECL that results from default events on a financial asset that are possible within 12 months after the reporting date.

In our Motor Finance business, all loans 1 month or more in contractual arrears are deemed credit impaired and are therefore included in IFRS9 stage 3. This results in more of our net receivables being in stage 3 and the associated stage 3 loan loss provisions being higher than if we adopted a more prime customer receivables approach of 3 months or more in arrears. Our approach of 1 month or more in contractual arrears is based on our historical observation of subsequent loan performance after our customers fall 1 month or more in contractual arrears within our non-prime motor finance customer receivables book. The expected credit loss ("ECL") is the probability weighted estimate of credit losses.

A PD/LGD model was developed by our Motor Finance business, Advantage Finance, to calculate the expected loss impairment provisions in accordance with IFRS9. Stage 1 expected losses are recognised on inception/initial recognition of a loan based on the probability of a customer defaulting in the next 12 months. This is determined with reference to historical data updated for current and future conditions. If a motor finance loan falls one month or more in contractual arrears, then this is deemed credit impaired and included in IFRS9 Stage 3. There are some motor finance loans which are up to date with payments but the customer is in some form of forbearance and we deem this to be a significant increase in credit risk and so these loans are included in Stage 2.

As required under IFRS9 the expected impact of movements in the macroeconomy is also reflected in the expected loss model calculations. For motor finance, assessments are made to identify the correlation of the level of impairment provision with forward looking external data regarding forecast future levels of employment, inflation, interest rates and used car values which may affect the customers' future propensity to repay their loan. The macroeconomic overlay assessments for 31 January 2024 reflect that further to considering such external macroeconomic forecast data, management have judged that there is currently a more heightened risk of an adverse economic environment for our customers. To factor in such uncertainties, management has included an overlay for certain groups of assets to reflect this macroeconomic outlook, based on estimated unemployment and inflation levels in future periods. An overlay for used vehicle prices was also included at 31 January 2023 as we assumed at that point that these prices would fall by 13.5% after a large increase in the previous 12 months. As at 31 January 2024, we have not included an overlay for used vehicle prices as we assume that used vehicle prices will now remain stable after the anticipated large decrease in the previous 12 months. Further sensitivity over this estimation uncertainty is provided in note 1.13.

Other than the changes to the approach mentioned above, there were no significant changes to estimation techniques applied to the calculations used at 31 January 2023 and those used at 31 January 2022.

1. Accounting Policies (CONTINUED)

PD/LGD calculations for expected loss impairment provisions were also developed for our Property Bridging business Aspen Bridging in accordance with IFRS9. Stage 1 expected losses are recognised on inception/initial recognition of a loan based on the probability of a customer becoming impaired in the next 12 months. The Bridging product has a single repayment scheduled for the end of the loan term and if a bridging loan is not granted an extension and is still outstanding beyond the end of the loan term then this is deemed credit impaired and included in IFRS9 Stage 3. Due mainly to the high values of property security attached to bridging loans, the bridging sector typically has lower credit risk and lower impairment than other credit sectors.

Assets in both our secured loan businesses are written off once the asset has been repossessed and sold and there is no prospect of further legal or other debt recovery action. Where enforcement action is still taking place, loans are not written off. In motor finance where the asset is no longer present then another indicator used to determine whether the loan should be written off is the lack of any receipt for 12 months from that customer.

1.6 Impairment of amounts owed by subsidiary companies to the parent company

These are initially recognised as the amount loaned to the subsidiary company. After initial recognition amounts owed by subsidiary companies to the parent company are subsequently measured at amortised cost. Amortised costs include any deduction for loan loss impairment provisions for expected credit losses in accordance with the requirements of IFRS9. Management consider that there is a low probability of default on these loans and there has been no significant increase in credit risk or credit impairment since these loans were first recognised. Therefore, the loans continued to be held at the amount loaned.

1.7 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
Fixtures and Fittings-Computers	20% per annum straight line
Fixtures and Fittings- Other	10% per annum straight line or 20% per annum reducing balance
Motor Vehicles	25% per annum reducing balance
Right to Use Assets	Straight line over the normal term of the lease

Freehold Land is not depreciated.

1.8 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.

1.9 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.

1.10 Pensions

The Group contributes as required to a defined benefit pension scheme. The defined benefit pension asset at the balance sheet date is calculated as the fair value of the plan assets less the present value of the defined benefit obligation. The scheme is currently in surplus but as the group has no ability to access this asset the surplus is capped at £nil. 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 year.

1. Accounting Policies (CONTINUED)

1.11 Share-based payments

The Company issued share options under the S&U plc 2010 Long Term Incentive Plan. The cost of these share-based payments is based on the fair value of options granted as required by IFRS2. 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.

1.12 Investments

Investments in subsidiaries held as non-current assets are stated at cost less provision for any impairment.

1.13 Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, the Company has made judgements, estimates and assumptions which affect the reported amounts within the current and next financial year. Actual results may differ from these estimates.

Estimates and judgements are regularly reviewed based on past experience, expectations of future events and other factors.

Critical accounting judgements

The following are the critical accounting judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Significant increase in credit risk for classification in Stage 2

The Company's transfer criteria determine what constitutes a significant increase in credit risk, which results in a customer being moved from Stage 1 to Stage 2. Stage 2 currently includes customers who have a good payment record but have been identified as vulnerable by trained staff. Vulnerability can be driven by factors including health, life events, resilience or capability. All customer facing staff are trained to help recognise characteristics of vulnerability. Stage 2 previously included some pandemic payment holiday customers but these customers have all now had 12 months to re-establish their post-holiday payment track record and are therefore now either correctly included in another stage or their agreement has finished.

Key sources of estimation uncertainty

The directors consider that the sources of estimation uncertainty which have the most significant effect on the amounts recognised in the financial statements are those inherent in the consumer credit markets in which we operate relating to impairment as outlined in 1.5 above. In particular, the Group's impairment provision is dependent on estimation uncertainty in forward-looking on areas such as employment rates, inflation rates and used car and property prices.

The Group implemented IFRS 9 from 1 February 2018 by developing models to calculate expected credit losses in a range of economic scenarios. These models involve setting modelling assumptions, weighting of economic scenarios, the criteria of determining significant deterioration in credit quality and the application of adjustments to model outputs. We have outlined assumptions in our expected credit loss model in the current year. Reasonable movement in these assumptions might have a material impact on the impairment provision value.

Macroeconomic overlay for our motor finance business

For this overlay, the Group considers four probability-weighted scenarios in relation to unemployment rate: base, upside, downside and severe scenarios as follows:

	Base	Upside (30% decrease)	Downside (30 % increase)	Severe (50% increase)	Weighted
Weighting	50%	10%	35%	5%	
Q1 2024	4.40%	3.08%	5.72%	6.60%	4.84%
Q1 2025	4.70%	3.29%	6.11%	7.05%	5.17%
Q1 2026	4.90%	3.43%	6.37%	7.35%	5.39%
Q1 2027	4.90%	3.43%	6.37%	7.35%	5.39%

1. Accounting Policies (CONTINUED)

Inflation rates were not previously been factored into the macroeconomic overlay prior to 31 January 2022 when we included them due to the extraordinary increases forecast for the following 12 months period and the potential impact on our customers and their repayments – high inflation and forecast inflation were still present at 31 January 2023 and to a lesser extent at 31 January 2024. The Group considers four probability-weighted scenarios in relation to inflation rate: base, upside, downside and severe scenarios as follows:

	Base	Upside (30% decrease)	Downside (30 % increase)	Severe (50% increase)	Weighted
Weighting	50%	10%	35%	5%	
Q1 2024	9.70%	6.79%	12.61%	14.55%	10.96%
Q1 2025	3.00%	2.10%	3.90%	4.50%	3.39%
Q1 2026	1.00%	0.70%	1.30%	1.50%	1.13%
Q1 2027	0.40%	0.28%	0.52%	0.60%	0.45%

An increase by 0.5% in the weighted average unemployment rate would result in an increase in loan loss provisions by £1,108,644. A decrease by 0.5% would result in a decrease in loan loss provisions by £1,108,644. An increase by 0.5% in the weighted average inflation rate would result in an increase in loan loss provisions by £503,929. A decrease by 0.5% would result in a decrease in loan loss provisions by £503,929.

Used vehicle price sensitivity for our motor finance business

At the year ended 31 January 2024, we have assumed that used vehicle prices will remain stable after a period when used vehicle prices increased during years ended 31 January 2022 and 31 January 2023 and then decreased during year ended 31 January 2024. This assumption as at 31 January 2024 has been made after considering market trends and expectations but is uncertain. If used car prices were assumed to fall by 5% instead, then this would result in an increase in loan loss provisions of £2,967,534. If used vehicle prices were assumed to increase by 5% instead, then this would result in a decrease in loan loss provisions of £2,967,534.

Expected loss sensitivity for our property bridging business

The PD/LGD expected loss impairment provision model calculations developed for our Aspen bridging business have been based on extrapolating an inherently low volume sample of historic defaults and losses to reflect the current receivables and current market conditions. If the probability of default were assessed to be 10% higher than these calculations, then this would result in an increase in loan loss provisions of £320,769. If the probability of default were assessed to be 10% lower than these calculations, then this would result in a decrease in loan loss provisions of £320,769.

1.14 Alternative Performance Measurements

i) Risk adjusted yield as % of average monthly receivables is the gross yield for the period (revenue minus impairment) divided by the average amounts receivable from customers for the period.

ii) Rolling 12-month impairment to revenue % is the impairment charged in the income statement during the 12 months prior to the reporting date divided by the revenue for the same 12-month period. Historic comparisons using this measure were affected by the adoption of new accounting standards IFRS9 and IFRS16 and risk adjusted yield is considered a more historically comparable guide to receivables performance.

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

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

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

vi) Group total repayments are the total live monthly repayments, settlement proceeds and recovery collections in motor finance added to the total amount retained from advances, customer redemptions and recovery collections in property bridging.

2. Segmental Analysis

Analyses by class of business of revenue and profit before taxation from continuing operations are stated below:

	Revenue		Profit before taxation	
Class of business	**Year ended 31.1.24 £000**	Year ended 31.1.23 £000	**Year ended 31.1.24 £000**	Year ended 31.1.23 £000
Motor finance	**98,177**	89,801	**28,810**	37,171
Property bridging finance	**17,260**	12,913	**4,803**	4,457
Central costs net of central finance income	**–**	–	**(29)**	(218)
	115,437	102,714	**33,584**	41,410

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

	Assets		Liabilities	
Class of business	**Year ended 31.1.24 £000**	Year ended 31.1.23 £000	**Year ended 31.1.24 £000**	Year ended 31.1.23 £000
Motor finance	**335,502**	311,168	**(181,944)**	(164,452)
Property bridging finance	**130,808**	116,714	**(121,431)**	(109,485)
Central	**536**	292	**70,691**	70,648
	466,846	428,174	**(232,684)**	(203,289)

Depreciation of assets for motor finance was £399,000 (2023: £425,000), for property bridging finance was £14,000 (2023: £15,000) and for central was £97,000 (2023: £85,000). Fixed asset additions for motor finance were £218,000 (2023: £394,000), for property bridging finance were £20,000 (2023: £13,000) and for central were £27,000 (2023: £419,000).

The net finance credit for central costs was £2,904,000 (2023: £2,507,000), for motor finance was a cost of £11,018,000 (2023: £6,619,000) and for property bridging finance was a cost of £6,948,000 (2023: £3,383,000). The tax charge for central costs was £25,000 (2023: £58,000 credit), for motor finance was a tax charge of £6,967,000 (2023: £6,901,000) and for property bridging finance was a tax charge of £1,155,000 (2023: £848,000).

The significant products in motor finance are car and other vehicle loans secured under hire purchase agreements.

The significant products in property bridging finance are bridging loans secured on property.

The assets and liabilities of the Parent Company are classified as Central.

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

3. Revenue

	2024 £000	2023 £000
Interest and other income from motor finance hire purchase loans	**98,177**	89,801
Interest and other income from property bridging loans	**17,260**	12,913
Total revenue	**115,437**	102,714

4. Cost of Sales

	2024 £000	2023 £000
Cost of sales – motor finance	**20,726**	21,687
Cost of sales – property bridging finance	**2,095**	1,989
Total Cost of sales	**22,821**	23,676

5. Impairment Charge

	2024 £000	2023 £000
Loan loss provisioning charge		
Loan loss provisioning charge – motor finance	**23,280**	12,885
Loan loss provisioning charge – property bridging finance	**923**	992
Total impairment charge	**24,203**	13,877

6. Administrative Expenses

	2024 £000	2023 £000
Administrative expenses – motor finance	**14,343**	11,439
Administrative expenses – property bridging	**2,491**	2,092
Administrative expenses – central	**2,933**	2,725
Total Administrative Expenses	**19,767**	16,256

7. Information Regarding Employees

	Group 2024 No.	Group 2023 No.	Company 2024 No.	Company 2023 No.
The monthly average number of persons employed by the Group in the year was:				
Motor finance	**205**	192	**–**	–
Property bridging finance	**23**	21	**–**	–
Central	**11**	11	**11**	11
Total Group average number of employees	**239**	224	**11**	11

The monthly average employed by the Company was 11 (2023: 11).

	2024 £000	2023 £000	2024 £000	2023 £000
Staff costs during the year (including directors):				
Wages and salaries	**11,184**	10,522	**1,407**	1,535
Social security costs	**1,285**	1,186	**234**	209
Pension costs for defined contribution scheme	**521**	456	**40**	38
Total Staff Costs	**12,990**	12,164	**1,681**	1,782

Directors' remuneration and details of the highest paid director are disclosed in the audited section of the Directors' Remuneration Report. No director or current employee is a member of the small historical defined benefit pension plan the details of which are contained in note 28 of these notes to the accounts.

8. Operating Profit

	2024 £000	2023 £000
Operating profit from continuing operations is after charging:		
Depreciation and amortisation:		
Owned and Right to Use assets	**510**	525
Staff costs	**12,990**	12,164
Cost of future share-based payments	**–**	6
(Profit)/Loss on sale of fixed assets	**(16)**	(1)

The analysis of auditor's remuneration is as follows:

	2024 £000	2023 £000
Fees payable to the Group's auditor for the audit of the Company's annual accounts	**45**	30
Fees payable to the Group's auditor for other services to the Group		
The audit of the Company's subsidiaries	**155**	133
Total audit fees	**200**	163
Audit related assurance services	**30**	25
Other services	**–**	–
Total non-audit fees	**30**	25
Total	**230**	188

9. Finance Costs

	2024 £000	2023 £000
31.5% cumulative preference dividend	**141**	141
Lease Liabilities	**16**	12
Bank loan and overdraft interest payable	**14,905**	7,342
Total Finance Costs	**15,062**	7,495

10. 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 £16,445,000 (2023: £16,039,000).

11. Tax on Profit Before Taxation

	2024 £000	2023 £000
Continuing Operations		
Corporation tax at 24.0% (2023: 19.0%) based on profit for the year	**8,176**	7,894
Adjustment in respect of prior years	**16**	(184)
	8,192	7,710
Deferred tax (temporary differences- origination and reversal)	**(45)**	(18)
	8,147	7,692

The actual tax charge for the current and the previous year from continuing operations varies to the standard rate for the reasons set out in the following reconciliation.

	2024 £000	2023 £000
Profit on ordinary activities before tax from continuing operations	**33,584**	41,410
Tax on profit on ordinary activities at standard rate of 24.0% (2023: 19.0%)	**8,060**	7,868
Factors affecting charge for the period:		
Expenses not deductible for tax purposes	**48**	41
Effects of other tax rates and permanent differences	**23**	(33)
Prior period adjustments	**16**	(184)
Total actual amount of tax	**8,147**	7,692

The Finance Act 2021 confirms an increase of UK corporation tax rate from 19% to 25% with effect from 1 April 2023 and this was substantively enacted by the statement of financial position date and therefore included in these financial statements.

12. Dividends

	2024 £000	2023 £000
2nd Interim dividend paid for the year ended 31/1/2023 – 38.0p per Ordinary share (36.0p)	**4,617**	4,372
Final dividend paid for the year ended 31/1/2023– 60.0p per Ordinary share (57.0p)	**7,290**	6,926
1st Interim dividend paid for the year ended 31/1/2024 – 35.0p per Ordinary share (35.0p)	**4,253**	4,253
Total ordinary dividends paid	**16,160**	15,551
6% cumulative preference dividend paid March and September	**12**	12
Credit for unpresented dividend payments over 12 years old	**(18)**	(17)
Total dividends paid	**16,154**	15,546

A second interim dividend of 35.0p per ordinary share for the year ended 31 January 2024 was paid on 8 March 2024 totalling £4.3m and the directors are proposing a final dividend for the year ended 31 January 2024 of 50p per ordinary share totalling £6.1m. The final dividend will be paid on 12 July 2024 to shareholders on the register at close of business on 21 June 2024 subject to approval by shareholders at the Annual General Meeting on Thursday 6 June 2024.

13. Earnings Per Ordinary Share

The calculation of earnings per ordinary share ("eps") from continuing operations is based on profit after tax of £25,437,000 (2023: £33,718,000).

The number of shares used in the basic eps calculation is the weighted average number of shares in issue during the year of 12,150,760 (2023: 12,149,205). There are a total of nil dilutive share options in issue (2023: nil) and taking into account the appropriate proportion of these dilutive options the number of shares used in the diluted eps calculation is 12,150,760 (2023: 12,149,205).

14. Property, Plant and Equipment

Group	Land and buildings £000	Motor vehicles £000	Fixtures and Fittings £000	Right to Use £000	Total £000
Cost					
At 1 February 2022	1,829	413	1,603	773	4,618
Additions	61	192	210	363	826
Disposals	(4)	(224)	(17)	(251)	(496)
At 31 January 2023	1,886	381	1,796	885	4,948
Additions	15	63	187	–	265
Disposals	(4)	(122)	(110)	(56)	(292)
At 31 January 2024	**1,897**	**322**	**1,873**	**829**	**4,921**
Accumulated depreciation					
At 1 February 2022	394	215	1,162	392	2,163
Charge for the year	115	68	178	164	525
Eliminated on disposals	(4)	(106)	(17)	(229)	(356)
At 31 January 2023	505	177	1,323	327	2,332
Charge for the year	108	53	173	176	510
Eliminated on disposals	(3)	(68)	(104)	(56)	(231)
At 31 January 2024	**610**	**162**	**1,392**	**447**	**2,611**
Net book value					
At 31 January 2024	**1,287**	**160**	**481**	**382**	**2,310**
At 31 January 2023	1,381	204	473	558	2,616

Included in the above is land at a cost of £22,000 (2023: £22,000) which is not depreciated.

Included in Right to Use assets above, are leases now capitalised under IFRS16 which are depreciated over the normal term of the lease. The total cash outflow for these leases during the year to 31.1.24 was £ 178,000 (2023: £ 173,000).

Company	Land and buildings £000	Motor vehicles £000	Fixtures and Fittings £000	Right to Use £000	Total £000
Cost					
At 1 February 2022	42	79	268	251	640
Additions	–	75	1	343	419
Disposals	–	(101)	–	(251)	(352)
At 31 January 2023	42	53	269	343	707
Additions	–	–	27	–	27
Disposals	–	–	–	–	–
At 31 January 2024	**42**	**53**	**296**	**343**	**734**
Accumulated depreciation					
At 1 February 2022	12	63	182	184	441
Charge for the year	–	6	22	57	85
Eliminated on disposals	–	(36)	–	(229)	(265)
At 31 January 2023	12	33	204	12	261
Charge for the year	1	5	23	68	97
Eliminated on disposals	–	–	–	–	–
At 31 January 2024	**13**	**38**	**227**	**80**	**358**
Net book value					
At 31 January 2024	**29**	**15**	**69**	**263**	**376**
At 31 January 2023	30	20	65	331	446

Included in the above is land at cost of £22,000 (2023: £22,000) which is not depreciated.

Included in Right to Use assets above, are leases now capitalised under IFRS16 which are depreciated over the normal term of the lease. The total cash outflow for these leases during the year to 31.1.24 was £66,000 (2023: £ 51,000).

15. Investments and Related Party Transactions

Company	2024 £000	2023 £000
Shares in subsidiary companies		
At historical cost less impairment	**1**	1

Interests in subsidiaries

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

Subsidiary and Registered Number	Principal activity
Advantage Finance Limited (03773673)	Motor finance
Aspen Bridging Limited (10270026)	Property bridging finance

The following are wholly owned dormant subsidiaries of the group which take advantage of exemptions provided under s394a and s448a and do not prepare, file or have audited individual company accounts;

Advantage Motor Finance Limited (03773678), Advantage4u Limited (06691669), Advantage Direct Finance Limited (07037684), Advantage Partner Finance Limited (07036720), Advantage Asset Finance Limited (06691598), S&U Stores Limited (00448884) and Cash Kangaroo Limited (08435795).

All dormant subsidiaries are directly owned by S&U plc with the exception of Advantage Motor Finance Limited which is indirectly wholly owned via Advantage Finance Limited.

All companies in the Group have their registered office at 2 Stratford Court, Cranmore Boulevard, Solihull B90 4QT.

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. Transactions with the Company's pension scheme are disclosed in note 28. During the year the Group made charitable donations amounting of £117,500 (2023: £109,500) via the Keith Coombs Trust which is a related party because Messrs GDC Coombs, AMV Coombs and CH Redford are trustees. The amount owed to the Keith Coombs Trust at the year-end was £20,000 (2023: £nil). During the year the Group obtained supplies at market rates amounting to £4,110 (2023: £4,123) from Grevayne Properties Limited a Company which is a related party because Messrs G D C and A M V Coombs are directors and shareholders. All related party transactions were settled in full when due.

Company

The Company received dividends from other Group undertakings totalling £16,500,000 (2023: £16,200,000). 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 2024 the Company was owed £295,926,496 (2023: £267,945,745) by other Group undertakings as part of an intercompany loan facility and owed £217,119 to S&U Stores Limited, a dormant group company (2023: £217,119). All related party transactions were settled in full when due. Key management personnel compensation is disclosed on page 45 in the Directors Remuneration Report.

16. Amounts Receivable from Customers

	Group	
	2024 £000	2023 £000
Motor finance hire purchase	**437,181**	403,282
Less: Loan loss provision motor finance	**(104,685)**	(96,465)
Amounts receivable from customers motor finance	**332,496**	306,817
Property bridging finance loans	**132,746**	115,451
Less: Loan loss provision property bridging finance	**(2,304)**	(1,558)
Amounts receivable from customers property bridging finance	**130,442**	113,893
Amounts receivable from customers total	**462,938**	420,710
Analysis by future date due		
– Due within one year	**220,953**	201,405
– Due in more than one year	**241,985**	219,305
Amounts receivable from customers	**462,938**	420,710
Analysis of security		
Loans secured on vehicles under hire purchase agreements	**327,485**	302,159
Loans secured on property	**130,442**	113,893
Other loans not secured (motor finance where security no longer present)	**5,011**	4,658
Amounts receivable from customers	**462,938**	420,710
Analysis of not impaired and impaired		
Not impaired		
Neither past due nor impaired	**395,047**	367,245
Past due up to 3 months but not impaired	**–**	–
Past due over 3 months but not impaired	**–**	–
Impaired		
Past due up to 3 months	**48,986**	40,249
Past due over 3 months and up to 6 months	**9,070**	4,772
Past due over 6 months or default	**9,835**	8,444
Amounts receivable from customers	**462,938**	420,710

The credit risk inherent in amounts receivable from customers is reviewed as per note 1.5 and under this review the credit quality of assets which are neither past due nor impaired was considered to be good with the exception of 881 vulnerable customers who although not in arrears at 31.1.24 were assessed from a review of internal data to have a significant increase in credit risk (2023: 473). Under IFRS9 therefore these customers although not in arrears are included in stage 2 at 31.1.24 with an increased impairment provision.

16. Amounts Receivable from Customers (CONTINUED)

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

As at 31 January 2024	Stage 1: Subject to 12 months ECL £'000	Stage 2: Subject to lifetime ECL £'000	Stage 3: Subject to lifetime ECL £'000	Total £'000
Amounts receivable (capital)				
Motor finance	**291,566**	**5,125**	**140,490**	**437,181**
Property bridging finance	**121,908**	**–**	**10,838**	**132,746**
Total	**413,474**	**5,125**	**151,328**	**569,927**
Loan loss provisions				
Motor finance	**(21,315)**	**(1,323)**	**(82,047)**	**(104,685)**
Property bridging finance	**(914)**	**–**	**(1,390)**	**(2,304)**
Total	**(22,229)**	**(1,323)**	**(83,437)**	**(106,989)**
Amounts receivable (net)				
Motor finance	**270,251**	**3,802**	**58,443**	**332,496**
Property bridging finance	**120,994**	**–**	**9,448**	**130,442**
Total	**391,245**	**3,802**	**67,891**	**462,938**

As at 31 January 2023	Stage 1: Subject to 12 months ECL '000	Stage 2: Subject to lifetime ECL £'000	Stage 3: Subject to lifetime ECL £'000	Total £'000
Amounts receivable (capital)				
Motor finance	285,050	2,236	115,996	403,282
Property bridging finance	108,378	–	7,073	115,451
Total	393,428	2,236	123,069	518,733
Loan loss provisions				
Motor finance	(26,640)	(662)	(69,163)	(96,465)
Property bridging finance	(1,116)	–	(442)	(1,558)
Total	(27,756)	(662)	(69,605)	(98,023)
Amounts receivable (net)				
Motor finance	258,410	1,574	46,833	306,817
Property bridging finance	107,262	–	6,631	113,893
Total	365,672	1,574	53,464	420,710

Collateral held

Motor finance – except for loans valued at £5.011m (2023: £4.658m), where we are aware the security is no longer present, security is held on a used vehicle for each hire purchase motor finance agreement. As stated in note 1.13 above, valuing these used vehicles secured under our hire purchase agreements is uncertain as the condition and mileage of the used vehicle are unknown. We estimate the trade value of collateral held at 31.1.24 for motor finance loans currently in stage 3 was £68.8m (2023: £64.5m) – these estimated values are stated before taking into account recovery and disposal costs.

Property bridging finance – the estimated value of first charge secured properties held under our bridging loan facility agreements at 31.1.24 is £199.6m (2023: £184.7m). This includes £15.3m estimated value of properties secured which is held for loan agreements currently in Stage 3 (2023: £13.4m).

Advances in both our motor finance business and our property bridging business are only made with collateral security and this is important in both these markets for the collectability of these loans – there have been no significant changes in the quality of collateral held during the year.

16. Amounts Receivable from Customers (CONTINUED)

Loan loss provisions	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
At 1 February 2022	22,575	2,769	66,783	92,127
Net transfers and changes in credit risk restated	(10,020)	(1,905)	(1,710)	(13,635)
New loans originated	15,599	148	11,765	27,512
Total impairment charge to income statement	**5,579**	**(1,757)**	**10,055**	**13,877**
Amounts netted off revenue for stage 3 assets	–	–	8,893	8,893
Utilised provision on write-offs	(398)	(350)	(16,126)	(16,874)
At 31 January 2023	27,756	662	69,605	98,023
Net transfers and changes in credit risk	(14,755)	565	12,331	(1,859)
New loans originated	11,863	354	13,845	26,062
Total impairment charge to income statement	**(2,892)**	**919**	**26,176**	**24,203**
Amounts netted off revenue for stage 3 assets	–	–	9,162	9,162
Utilised provision on write-offs	(2,635)	(258)	(21,506)	(24,399)
At 31 January 2024	**22,229**	**1,323**	**83,437**	**106,989**

There were no significant changes in the capital carrying value of amounts receivable from customers this year which contributed to changes in the loan loss provisions other than growth in new loans originated.

17. Trade and Other Receivables

	Group		Company	
	2024 £000	2023 £000	**2024 £000**	2023 £000
Amounts owed by subsidiary undertakings	**–**	–	**295,709**	267,729
Other debtors	**52**	55	**10**	10
Prepayments and accrued income	**1,390**	1,546	**99**	94
	1,442	1,601	**295,818**	267,833

The amounts owed by subsidiary undertakings in the Company's balance sheet are stated net of nil impairment and, other than £125.0m of intercompany receivables from Advantage Finance Limited (2023: £130.0m) and £98.5m of intercompany receivables from Aspen Bridging Limited (2023: £80.0m), which are due after more than one year, the amounts owed by subsidiary undertakings have no fixed maturity date. Under IFRS7, there are no amounts included in trade and other receivables which are past due but not impaired and no amounts which are impaired or have a significant increase in credit risk. The carrying value of trade and other receivables is not materially different to their fair value.

18. Borrowings including Bank Overdrafts and Loans

	Group		Company	
	2024 £000	2023 £000	**2024 £000**	2023 £000
Bank overdrafts and loans – due within one year	**881**	–	**–**	273
Bank and other loans – due in more than one year	**223,500**	195,500	**223,500**	195,500
	224,381	195,500	**223,500**	195,773

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 2024:

- a facility for £ 5 million (2023: £5m) which is subject to annual review in June 2024.
- a facility for £2 million (2023: £2m) which has no annual review date.

Total drawdowns of these overdraft facilities at 31 January 2024 were £880,564 (2023: £nil).

S&U plc had the following revolving credit facilities available at 31 January 2024:

- a facility for £230 million (2023: £nil) which is due for repayment in May 2026.

At 31 January 2023 S&U plc had revolving credit facilities totalling £160m being facilities of £60m, £20m, £25m and £55m which were due for repayment in March 2026, March 2025, April 2026 and May 2027 respectively.

S&U plc had the following term loan facilities available at 31 January 2024:

- a facility for £50 million (2023: £50m)- £25m of which is due for repayment in March 2028 and £25m is due for repayment in March 2029. All the bank overdrafts facilities, revolving credit facilities and term loan facilities mentioned above incur interest at a variable rate.

The bank overdraft and loans are secured under a multilateral guarantee provided by S&U plc and its operating subsidiaries Advantage Finance Ltd and Aspen Bridging Ltd.

The Company is part of the Group overdraft facility and at 31 January 2024 was £nil overdrawn (2023: £273,163 overdrawn). A maturity analysis of the above borrowings is given in note 23.

19. Trade and Other Payables

	Group		Company	
	2024 £000	2023 £000	**2024 £000**	2023 £000
Trade creditors	**920**	617	**63**	67
Other creditors including commissions and remuneration payable	**3,977**	3,985	**607**	644
	4,897	4,602	**670**	711

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

20. Deferred Tax

Group	Accelerated tax depreciation £000	Share based payments £000	Shadow Share Options £000	Total £000
At 1 February 2022	(133)	27	226	120
Credit/(debit) to income	24	1	(7)	18
Debit to equity	–	(28)	–	(28)
At 31 January 2023	(109)	–	219	110
Credit/(debit) to income	(4)	–	49	45
At 31 January 2024	**(113)**	**–**	**268**	**155**

Company	£000	£000	£000	£000
At 1 February 2022	2	27	6	35
Credit/(debit) to income	(9)	1	16	8
Debit to equity	–	(28)	–	(28)
At 31 January 2023	(7)	–	22	15
Credit to income	4	–	11	15
At 31 January 2024	**(3)**	**–**	**33**	**30**

Shadow share options are long term share based incentive instruments which will be settled in cash when exercised based on future share price and require achieving certain performance targets and are subject to continued employment conditions.

The Finance Act 2021 confirms an increase of UK corporation tax rate from 19% to 25% with effect from 1 April 2023 and this was substantively enacted by the statement of financial position date and therefore included in these financial statements.

21. Called up Share Capital and Preference Shares

	2024 £000	2023 £000
Called up, allotted and fully paid		
12,150,760 Ordinary shares of 12.5p each (2023: 12,150,760)	**1,519**	1,519
200,000 6.0% Cumulative preference shares of £1 each	**200**	200
Called up share capital	**1,719**	1,719

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.

22. Financial Liabilities

Preference Share Capital	2024 £000	2023 £000
Called up, allotted and fully paid		
3,598,506 31.5% Cumulative preference shares of 12.5p each (2021 3,598,506)	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 twice the capital (2 lots of 12.5p) 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.

23. 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 motor finance hire purchase debts are secured by the financed vehicle. All financial assets are held at amortised cost.

As at 31 January 2024 the Group's indebtedness amounted to £224,381,000 (2023: £192,363,000) and the Company's indebtedness amounted to £223,415,000 (2023: £195,773,000). The Group gearing was 95.8% (2023: 85.5%), being calculated as borrowings net of cash 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 on page 91 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 committed borrowing facilities at 31 January 2024 of £56.5m (2023: £14.5m). 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 2024 was estimated to be 26% (2023: 25%). The average effective interest rate of financial liabilities of the Group at 31 January 2024 was estimated to be 8% (2023: 6%). The average effective interest rate on financial liabilities of the Company at 31 January 2024 was estimated to be 8% (2023: 6%).

Currency and credit risk

The Group has no material exposure to foreign currency risk. The credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 1.5. 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 motor 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. The credit risk is also mitigated in the bridging property finance segment of our business by ensuring that the valuation of the security at origination of the loan is rigorously assessed and is within loan to value limits. As confirmation required under IFRS 8, no individual customer contributes more than 10% of the revenue for the Group. 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.

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 where appropriate to hedge these exposures in bank borrowings. There are no interest rate derivative contracts held at 31 January 2024 (2023: none held). 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 at the balance sheet date. The Group has low gearing for its sector and the directors consider a 1% and a 2% movement in interest rates to reflect the UK interest rate environment and to be appropriate for sensitivity analyses. 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 1% higher/lower and all other variables were held constant, the Group's;

- profit for the year ended 31 January 2024 would decrease/increase by £1.6 million (2023: decrease/increase by £1.3million). This is mainly attributable to the Group's exposure on its variable rate borrowings.
- total equity would decrease/increase by £1.6million (2023: decrease/increase by £1.3million). This is mainly attributable to the Group's exposure on its variable rate borrowings.

If interest rates had been 2% higher/lower and all other variables were held constant, the Group's;

- profit for the year ended 31 January 2024 would decrease/increase by £3.2million (2023: decrease/increase by £2.6million). This is mainly attributable to the Group's exposure on its variable rate borrowings.
- total equity would decrease/increase by £3.2million (2023: decrease/increase by £2.6million). This is mainly attributable to the Group's exposure on its variable rate borrowings.

23. Financial Instruments (CONTINUED)

Capital risk management

The Board of Directors assess the capital needs of the Group on an ongoing basis and approve all material 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 2024 the Group gearing level was 95.8% (2023: 85.5%) which the directors consider to have met their objective.

Although Advantage have not sold insurance products in recent years, they are required to hold a regulatory minimum capital figure of £5000 in this regard. 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 (2023: £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. The fair value hierarchy is derived from Level 2 inputs in accordance with IFRS13.

Liquidity risk

The Group's liquidity risk is shown in the following tables which measure the cumulative liquidity gap. Management review and manage the maturity of borrowing facilities appropriately. Most of the Group's financial assets are repayable anyway within two years which together with net gearing of around 95.8% results in a positive liquidity position.

Group **At 31 January 2024**	**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**	**No fixed maturitydate £'000**	**Total £'000**
Financial assets	220,953	71,353	170,632	–	–	462,938
Other assets	–	–	–	–	3,907	3,907
Cash at bank and in hand	1	–	–	–	–	1
Total assets	220,954	71,353	170,632	–	3,907	466,846
Shareholders' funds	–	–	–	–	(234,162)	(234,162)
Bank overdrafts and loans	(881)	–	(198,500)	(25,000)	–	(224,381)
Lease liabilities	(170)	(102)	(149)	–	–	(421)
Financial liabilities	–	–	–	(450)	–	(450)
Other liabilities	–	–	–	–	(7,432)	(7,432)
Total liabilities and shareholders' funds	(1,051)	(102)	(198,649)	(25,450)	(241,594)	(466,846)
Cumulative gap	219,903	291,154	263,137	237,687	–	–

23. Financial Instruments (CONTINUED)

Group At 31 January 2023	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	No fixed maturitydate £'000	Total £'000
Financial assets	201,405	67,476	151,829	–	–	420,710
Other assets	–	–	–	–	4,327	4,327
Cash at bank and in hand	3,137	–	–	–	–	3,137
Total assets	204,542	67,476	151,829	–	4,327	428,174
Shareholders' funds	–	–	–	–	(224,885)	(224,885)
Bank overdrafts and loans	–	–	(145,500)	(50,000)	–	(195,500)
Lease liabilities	(166)	(169)	(252)	–	–	(587)
Financial liabilities	–	–	–	(450)	–	(450)
Other liabilities	–	–	–	–	(6,752)	(6,752)
Total liabilities and shareholders' funds	(166)	(169)	(145,752)	(50,450)	(231,637)	(428,174)
Cumulative gap	204,376	271,683	277,760	227,310	–	–

Company At 31 January 2024	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	No fixed maturitydate £'000	Total £'000
Other assets	**–**	**–**	**198,500**	**25,000**	**72,725**	**296,225**
Cash at bank and in hand	**85**	**–**	**–**	**–**	**–**	**85**
Total assets	**85**	**–**	**198,500**	**25,000**	**72,725**	**296,310**
Shareholders' funds	**–**	**–**	**–**	**–**	**(71,009)**	**(71,009)**
Bank overdrafts and loans	**–**	**–**	**(198,500)**	**(25,000)**	**–**	**(223,500)**
Financial liabilities	**–**	**–**	**–**	**(450)**	**–**	**(450)**
Lease liabilities	**(72)**	**(76)**	**(144)**	**–**	**–**	**(292)**
Other liabilities	**–**	**–**	**–**	**–**	**(1,059)**	**(1,059)**
Total liabilities and shareholders' funds	**(72)**	**(76)**	**(198,644)**	**(25,450)**	**(72,068)**	**(296,310)**
Cumulative gap	**13**	**(63)**	**(207)**	**(657)**	**–**	**–**

Company At 31 January 2023	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	No fixed maturitydate £'000	Total £'000
Other assets	–	–	160,000	50,000	58,295	268,295
Cash at bank and in hand	–	–	–	–	–	–
Total assets	–	–	160,000	50,000	58,295	268,295
Shareholders' funds	–	–	–	–	(70,724)	(70,724)
Bank overdrafts and loans	(273)	–	(145,500)	(50,000)	–	(195,773)
Financial liabilities	–	–	–	(450)	–	(450)
Lease liabilities	(51)	(71)	(221)	–	–	(343)
Other liabilities	–	–	–	–	(1,005)	(1,005)
Total liabilities and shareholders' funds	(324)	(71)	(145,721)	(50,450)	(71,729)	(268,295)
Cumulative gap	(324)	(395)	13,884	13,434	–	–

23. Financial Instruments (CONTINUED)

The cash flows payable under financial liabilities are analysed as follows:

Group At 31 January 2024	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
Bank overdrafts and loans	881	–	–	–	–	881
Trade and other payables	–	4,897	–	–	–	4,897
Tax liabilities	–	564	–	–	–	564
Accruals and deferred income	–	1,971	–	–	–	1,971
Borrowings	–	–	–	198,500	25,000	223,500
Lease liabilities	–	170	102	149	–	421
Financial liabilities	–	–	–	–	450	450
At 31 January 2024	881	7,602	102	198,649	25,450	232,684

Group At 31 January 2023	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
Bank overdrafts and loans	–	–	–	–	–	–
Trade and other payables	–	4,602	–	–	–	4,602
Tax liabilities	–	888	–	–	–	888
Accruals and deferred income	–	1,262	–	–	–	1,262
Borrowings	–	–	–	145,500	50,000	195,500
Lease liabilities	–	166	169	252	–	587
Financial liabilities	–	–	–	–	450	450
At 31 January 2023	–	6,918	169	145,752	50,450	203,289

Company At 31 January 2024	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
Bank overdrafts and loans	–	–	–	–	–	–
Trade and other payables	–	670	–	–	–	670
Tax liabilities	–	100	–	–	–	100
Accruals and deferred income	–	289	–	–	–	289
Borrowings	–	–	–	198,500	25,000	223,500
Lease liabilities	–	72	76	144	–	292
Financial liabilities	–	–	–	–	450	450
At 31 January 2024	–	1,131	76	198,644	25,450	225,301

23. Financial Instruments (CONTINUED)

Company At 31 January 2023	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
Bank overdrafts and loans	273	–	–	–	–	273
Trade and other payables	–	711	–	–	–	711
Tax liabilities	–	69	–	–	–	69
Accruals and deferred income	–	225	–	–	–	225
Borrowings	–	–	–	145,500	50,000	195,500
Lease liabilities	–	51	71	221	–	343
Financial liabilities	–	–	–	–	450	450
At 31 January 2023	273	1,056	71	145,721	50,450	197,571

24. Reconciliation of Operating Profit to Net Cash from Operating Activities

	Group 2024 £000	Group 2023 £000	**Company 2024 £000**	Company 2023 £000
Operating Profit	**48,646**	48,905	**13,566**	13,475
Tax (paid)/received	**(8,515)**	(7,748)	**(9)**	3
Depreciation on plant, property and equipment	**510**	525	**97**	85
(Profit)/loss on disposal of plant, property and equipment	**(16)**	(26)	**–**	(1)
Increase in amounts receivable from customers	**(42,228)**	(97,795)	**–**	–
Decrease/(increase) in trade and other receivables	**159**	138	**(27,985)**	(82,132)
Increase in trade and other payables	**295**	255	**(51)**	57
Increase in accruals	**709**	488	**74**	4
Equity-settled future share-based payments addback	**–**	6	**–**	6
Movement in retirement benefit asset/obligations	**(6)**	(13)	**(6)**	(13)
Net cash used in operating activities	**(446)**	(55,265)	**(14,314)**	(68,516)

25. Financial Commitments

Capital commitments

At 31 January 2024 the Group had £nil capital commitments contracted but not provided for (2023: £nil). At 31 January 2024, the Company had no capital commitments contracted but not provided for (2023: £nil).

26. Contingent Liabilities

Our motor finance subsidiary Advantage was included in the FCA's multi-firm Cost of Living Forbearance Outcomes review in 2023 and as a result the FCA concluded that enhancements may be required to Advantage's approach to arrears management and the application of forbearance. Advantage and the FCA have been in correspondence throughout 2023/24 to discuss and agree the necessary steps and Advantage will carry out an assessment of whether any customers were adversely affected by its practices. Where this is found to be the case Advantage will seek to redress any detriment.

The financial effect of any customer redress cannot be reliably assessed at this early stage of the review. This ongoing assessment is expected to be in advanced stages in Summer 2024, with any redress being made after that.

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 2024 was £2,253,817 (2023: £nil).

27. Share Based Payments

The Company operated a Long-Term Incentive Plan (LTIP 2010) and full details of the share options outstanding during the year are shown below:

	Number Of Share Options 2024	Number Of Share Options 2023
LTIP 2010		
Outstanding at beginning of year	–	5,500
Granted during the year	–	–
Lapsed during the year	–	–
Exercised during the year	–	(5,500)
Expired during the year	–	–
Outstanding at end of year	–	–
Exercisable at end of year	–	–

All share options issued under the LTIP are exercisable at the ordinary share nominal value 12.5p.

The weighted average share price for share options exercised during the year was not applicable (2023: £24.00).

The weighted average remaining contractual life of the outstanding share options is not applicable as there are no outstanding share options remaining (2023: none).

The Group recognised total share-based payment expenses for LTIP of £nil in the year to 31 January 2024 (2023: £6,000).

LTIP 2010 is now over 10 years old and no further grants can be made under that LTIP. Further to a review by the Remuneration Committee a new LTIP allowing shadow share options, which can only be cash settled and therefore do not dilute current shareholders, was approved by the AGM in May 2021(LTIP 2021).

The Group recognised total share-based payment expenses for LTIP 2021 of £631,936 in the year to 31 January 2024 (2023: £399,532). At 31 January 2024 the creditor for LTIP 2021 shadow share options amounted to £1,368,768 (31.1.23: £1,027,781).

28. 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 2022. At that valuation it was assumed that the appropriate post retirement discount rate was 1.95% and pension increases would be 3.6% per annum. The valuation results have been updated on the advice of a qualified actuary to take account of the requirements of IAS19 in order to assess the liabilities of the scheme as at 31 January 2024. 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 2025 is £nil.

The scheme is run by Trustees who are responsible for the affairs of the scheme. Trustees during the year were Mr GDC Coombs and Mr CH Redford who are also directors of S&U plc. The scheme is closed to new members. The Trustees discuss the affairs of the scheme and deal with discretionary matters regarding benefits. The trustees have employed Barclays Wealth as investment managers. S&U plc has power, under the Trust Deed and Rules which govern the operation of the Fund, to remove Trustees from office, to accept their resignations, and to appoint new or additional Trustees. The directors of S&U plc consider all these arrangements to be appropriate, having noted that the scheme has been closed to new members for over 40 years, the scheme continues to have a significant surplus and the scheme's defined benefit obligations are not material in the context of the group.

Disclosures made in accordance with IAS 19

A full actuarial valuation was carried out at 31 March 2022 and updated to 31 January 2024 by a qualified independent actuary. The valuation method used was the projected unit method. The major assumptions used by the actuary were (in nominal terms):

	At year end 31 January 2024	At year end 31 January 2023
Rate of increase in salaries	**Na**	Na
Pension increases:		
Pre-97 Pension	**0.0%**	0.0%
Post 97 Pension	**3.3%**	3.1%
Discount rate	**4.7%**	4.2%

Mortality assumption for 31 January 2024 comes from the S3PA tables with CMI-2022 1.25% long term trend and for 31 January 2023 mortality assumption was from the S3PA tables with CMI-2021 1.25% long term trend.

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

	Proportion held at 31 January 2024 £000	Proportion held at 31 January 2023 £000
Equities	**51%**	66%
Bonds	**33%**	21%
Cash/Other	**16%**	13%
Total market value of assets	**100%**	100%

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

	Jan 24 £000	Jan 23 £000
Fair value of plan assets	**1,070**	1,092
Present value of defined benefit obligations	**(348)**	(342)
Surplus before restriction	**722**	750
Restriction on Surplus	**(722)**	(750)
Pension asset	**0**	0

28. Retirement Benefit Obligations (CONTINUED)

The amount recognised in the income statements during the year

	Jan 24 £000	Jan 23 £000
Current service cost	–	–
Past service cost	26	–
Interest on obligation	14	11
Expected return on plan assets	(46)	(24)
Expense recognised in the income statement	**(6)**	**(13)**
Opening net (asset)	–	–
Expense	(6)	(13)
Contributions paid	–	–
Actuarial loss	6	13
Closing net (asset)	**0**	**0**

The expense credit in both years is shown within administrative expenses.

Movement in present value of obligation	Jan 24 £000	Jan 23 £000
Present value of obligation at 1 February	342	483
Interest cost	14	10
Current service cost	–	–
Past service cost	26	–
Benefits paid	(39)	(38)
Actuarial (gain)/loss on obligation – assumptions	(11)	(96)
Actuarial (gain)/loss on obligation – experience	16	(17)
Present value of obligation at 31 January	348	342
Experience adjustment on scheme liabilities		
Actuarial (gain)/loss as percentage of scheme liabilities	1%	(33%)
Movement in fair value of plan assets		
Fair value of plan assets at 1 February	1,092	1,141
Expected return on plan assets	46	24
Contributions	–	–
Benefits paid	(39)	(38)
Actuarial gain/(loss) on plan assets	(29)	(35)
Fair value of plan assets at 31 January	1,070	1,092
Experience adjustment on assets		
Actuarial (gain)/loss as percentage of scheme assets	(3%)	(3%)

Five Year Record (Unaudited)

	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000
Continuing Operations Only					
Revenue	89,939	83,761	87,889	102,714	**115,437**
Cost of Sales	(19,872)	(14,264)	(18,771)	(23,676)	**(22,821)**
Impairment	(17,220)	(36,705)	(4,120)	(13,877)	**(24,203)**
Administrative Expenses	(12,863)	(11,096)	(14,208)	(16,256)	**(19,767)**
Operating profit	39,984	21,696	50,790	48,905	**48,646**
Finance Costs (net)	(4,850)	(3,568)	(3,772)	(7,495)	**(15,062)**
Profit before taxation	35,134	18,128	47,018	41,410	**33,584**
Taxation	(6,252)	(3,482)	(9,036)	(7,692)	**(8,147)**
Profit for the year	28,882	14,646	37,982	33,718	**25,437**
Assets employed in all operations					
Fixed assets	2,108	2,713	2,455	2,616	**2,310**
Amounts receivable and other assets	303,973	282,126	324,774	425,558	**464,536**
	306,081	284,839	327,229	428,174	**466,846**
Liabilities	(126,607)	(103,810)	(120,482)	(203,289)	**(232,684)**
Total equity	179,474	181,029	206,747	224,885	**234,162**
Earnings per Ordinary share	239.6p	120.7p	312.8p	277.5p	**209.2p**
Dividends declared per Ordinary share	120.0p	90.0p	126.0p	133.0p	**120.0p**
Group gearing	65.7%	54.6%	54.9%	85.5%	**95.8%**

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

Financial Calendar

Annual General Meeting			6 June 2024
Announcement of Results	Half year ending 31 July 2024 Year ending 31 January 2025		8 October 2024 April 2025
Payment of Dividends	6% Cumulative Preference Shares		30 September 2024 & 31 March 2025
	31.5% Cumulative Preference Shares		31 July 2024 & 31 January 2025
	Ordinary Shares	– 2023/24 final	12 July 2024
		– Ex dividend date	20 June 2024
		– Record date	21 June 2024
		– 2024/25 first interim	November 2024
		– 2024/25 second interim	March 2025

Annual General Meeting Arrangements

The Annual General Meeting will take place on 6 June 2024 – further details of arrangements are contained in the Notice of Annual General Meeting sent to shareholders and on the company website at www.suplc.co.uk

THE ACCOUNTS

Officers and Professional Advisors

Directors

A M V Coombs MA (Oxon)	(Chairman)
G D C Coombs MA (Oxon) MSc (Lon)	(Deputy Chairman)
J E C Coombs MA (Oxon) ACA	(Director)
C H Redford ACA	(Group Finance Director)
E H Ahrens	(CEO Aspen Bridging)
T G Wheeler	(Non-executive)
G Pedersen	(Non-executive)
T Khlat MBE	(Non-executive)
J P Maxwell	(Non-executive)

Secretary

M K Bhogal ACMA CGMA

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