

PROVIDENT DEVELOPMENT (2003) LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2004

(Company Number 5001318)



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**PROVIDENT DEVELOPMENT (2003) LIMITED**  
**ANNUAL REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2004**

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**PROVIDENT DEVELOPMENT (2003) LIMITED**

**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2004**

The directors present their report and the audited financial statements of the company for the period ended 31 December 2004.

**1. Incorporation, principal activities and review of business**

The company was incorporated on 22 December 2003 and commenced trading on 24 December 2003.

The principal activity of the company is the provision of business know-how and financial support to fellow subsidiary undertakings based overseas.

Due to the company's period end position, the ultimate parent undertaking, Provident Financial plc has confirmed its continued support to the company. The directors of the company expect the company's position to improve as the overseas operation becomes established. In the opinion of the directors, the company's period end financial position was satisfactory.

**2. Results**

The profit and loss account for the period is set out on page 5. The retained loss for the period of £2,166,719 has been deducted from reserves.

**3. Dividend**

The directors do not recommend the payment of a dividend.

**4. Directors**

The directors of the company at 31 December 2004, all of whom were directors for the whole of the period then ended, unless otherwise stated, were:

D R Swann	(Chairman: Appointed 22 December 2003)
N M Illingworth	(Appointed 22 December 2003)
C L Gardner	(Appointed 22 December 2003)
D E S Broadbent	(Appointed 22 December 2003)

**5. Directors' interests**

None of the directors holding office at 31 December 2004 had any interests in the shares of the company or any other group company, except as disclosed in the accounts of the company's parent undertakings.

As permitted by statutory instrument, the register, required to be kept under Section 325 of the Companies Act 1985, does not include the interests of directors who are also directors of the company's parent undertakings.

**PROVIDENT DEVELOPMENT (2003) LIMITED**

**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2004**  
**(CONTINUED)**

6. **Auditors**

A resolution to appoint the auditors, PricewaterhouseCoopers LLP, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



R J Marshall Smith  
Company Secretary

Registered office:  
Colonnade  
Sunbridge Road  
Bradford  
West Yorkshire

12 April 2005

**PROVIDENT DEVELOPMENT (2003) LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors confirm that the most appropriate accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2004 and that applicable accounting standards have been followed. They also confirm that the financial statements have been prepared on the going concern basis.

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

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'R J Marshall Smith', is written over a horizontal line.

R J Marshall Smith  
Company Secretary

12 April 2005

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### PROVIDENT DEVELOPMENT (2003) LIMITED

We have audited the financial statements which comprise the profit and loss account, the statement of retained losses, the balance sheet and the related notes.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.


#### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Leeds

12 April 2005

**PROVIDENT DEVELOPMENT (2003) LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2004**

	<u>Notes</u>	<u>2004</u> £
Cost of sales	2	(2,742,960)
GROSS LOSS		(2,742,960)
Administrative expenses		(352,196)
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(3,095,156)
Tax on loss on ordinary activities	4	928,437
RETAINED LOSS FOR THE PERIOD	9	(2,166,719)

**STATEMENT OF RETAINED LOSSES**

		<u>2004</u> £
RETAINED LOSS AT START OF PERIOD		-
RETAINED LOSS FOR THE PERIOD	9	(2,166,719)
RETAINED LOSS AT 31 DECEMBER		(2,166,719)

The results shown in the profit and loss account derive wholly from continuing activities.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.

**PROVIDENT DEVELOPMENT (2003) LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2004**

	<u>Notes</u>	<u>2004</u> £
FIXED ASSETS		
Intangible assets	5	41,625
		<hr/>
CURRENT ASSETS		
Debtors falling due within one year	6	1,110,224
Cash at bank		50,000
		<hr/>
		1,160,224
		<hr/>
CREDITORS: amounts falling due within one year	7	(3,318,568)
		<hr/>
NET CURRENT LIABILITIES		(2,158,344)
		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,116,719)
		<hr/>
NET LIABILITIES		(2,116,719)
		<hr/>
CAPITAL AND RESERVES		
Called-up share capital	8	50,000
Profit and loss account		(2,166,719)
		<hr/>
EQUITY SHAREHOLDERS' DEFICIT	9	(2,116,719)
		<hr/>

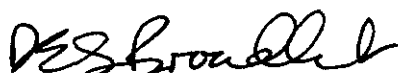
These financial statements on pages 5 to 10 were approved by the board of directors on 12 April 2005 and were signed on its behalf by:

N M Illingworth



(Directors)

D E S Broadbent





## **PROVIDENT DEVELOPMENT (2003) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004**

#### **1. Principal accounting policies**

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and with applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on the going concern basis as the company's ultimate parent undertaking has confirmed its continued support to the company. A summary of the principal accounting policies applied in preparing the financial statements of the company for the period ended 31 December 2004 which have been applied on a consistent basis are set out below.

##### **a) Turnover**

Turnover represents the amounts receivable from fellow subsidiary undertakings, together with any related withholding taxes, in respect of the provision of business know-how.

##### **b) Cost of sales**

Cost of sales represents costs incurred in providing support in implementing and running the international home credit operations and interest receivable / payable on certain intra-group loans.

##### **c) Cash flow statement**

As permitted by Financial Reporting Standard No.1 (Revised), no cash flow statement is presented as the company is a wholly owned subsidiary undertaking of Provident Financial plc and is included in the consolidated financial statements of Provident Financial plc which are publicly available.

##### **d) Deferred taxation**

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not recognised on revalued assets unless there is a binding agreement at the balance sheet date to sell the revalued asset and the related gain has been recognised in the accounts. Deferred taxation balances are not discounted.

##### **e) Foreign exchange**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are expressed, in sterling, at the rates of exchange ruling at the end of the financial period or the contracted rate to the extent hedged. Resultant gains or losses are taken to the profit and loss account.

##### **f) Intangible assets**

Intangible fixed assets are valued at costs less amortisation. Amortisation is charged over an expected useful life of 10 years.

**PROVIDENT DEVELOPMENT (2003) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004**  
**(CONTINUED)**

**2. Turnover and loss on ordinary activities before taxation**

Turnover relates to one class of business, the origin of which is wholly within the UK.

The loss on ordinary activities before taxation is stated after charging:

	<u>2004</u>
	£
Auditors' remuneration:	
Audit services	1,000
Non-audit services	44,787
Interest payable – group (included within cost of sales)	128,681
Amortisation of intangible asset	3,375
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**3. Directors' emoluments**

None of the directors received any emoluments in respect of their services to the company during the period.

Retirement benefits accrued to four directors under a defined benefit scheme during the period.

During the period two directors exercised share options in shares of the company's ultimate parent undertaking Provident Financial plc. Further details are disclosed in the accounts of the company's parent undertakings.

**4. Tax on profit on ordinary activities**

(a) Analysis of credit in the period:

	<u>2004</u>
	£
Current tax	
UK corporation tax on loss for the period	928,437
	<hr/>

(b) Future tax charges/(credits) are likely to be in line with the standard rate of corporation tax in the UK (30%).

**PROVIDENT DEVELOPMENT (2003) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004**  
**(CONTINUED)**

**5. Intangible fixed assets**

	Know-How
	2004
	£
<b>Cost</b>	
At start of period	-
Additions	45,000
At 31 December 2004	<u>45,000</u>
<b>Amortisation</b>	
At start of period	-
Charge for period	3,375
At 31 December 2004	<u>3,375</u>
<b>Net book value at 31 December 2004</b>	<b><u>41,625</u></b>
Net book value at start of period	<u>-</u>

During the period the company acquired know-how from a fellow group company.

**6. Debtors**

	<u>2004</u>
	£
Amounts falling due within one year:	
Corporation tax	928,437
Prepayments	181,787
	<u>1,110,224</u>

**7. Creditors**

	<u>2004</u>
	£
Amounts falling due within one year:	
Amounts owed to ultimate parent undertaking	2,923,767
Amounts owed to immediate parent undertaking	116,500
Amounts owed to fellow subsidiary undertakings	275,408
Accruals and deferred income	2,893
	<u>3,318,568</u>

Amounts owed to group undertakings are unsecured and have no fixed date of repayment. These balances bear interest at rates linked to relevant national LIBOR equivalents.

**PROVIDENT DEVELOPMENT (2003) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004**  
**(CONTINUED)**

**8. Called-up share capital**

	<u>2004</u> £
<b>Authorised</b>	
50,000 ordinary shares of £1 each	50,000
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<b>Allotted, called-up and fully paid</b>	
50,000 ordinary shares of £1 each	50,000
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**9. Reconciliation of movements on equity shareholders' deficit**

	<u>2004</u> £
Share capital issued in the period	50,000
Retained loss for the period	(2,166,719)
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Closing equity shareholders' deficit	(2,116,719)
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**10. Financial commitments**

At 31 December 2004, the company had no annual financial or capital commitments.

**11. Related party disclosure**

As a wholly owned subsidiary, the company has taken advantage of the exemption in FRS 8 'Related Party Transactions' from disclosing related party transactions with other entities included in the consolidated accounts of Provident Financial plc.

**12. Parent undertakings**

The immediate parent undertaking is Provident International Investments Limited.

The ultimate parent undertaking and controlling party is Provident Financial plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of that company's consolidated financial statements can be obtained from the Company Secretary, Provident Financial plc, Colonnade, Sunbridge Road, Bradford, BD1 2LQ.