

PROVIDENT DEVELOPMENT (2003) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

(Company Number 5001318)



PROVIDENT DEVELOPMENT (2003) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

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PROVIDENT DEVELOPMENT (2003) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

1. Principal activities and review of business

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 year 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 year end financial position was satisfactory.

2. Results

The profit and loss account for the year is set out on page 5. The retained loss for the year of £3,116,805 (2004: £2,166,719) has been deducted from reserves.

3. Dividend

The directors do not recommend the payment of a dividend (2004: nil).

4. Directors

The directors of the company at 31 December 2005, all of whom were directors for the whole of the year then ended, were:

D R Swann (Chairman)
N M Illingworth
C L Gardner
D E S Broadbent

5. Directors' interests

None of the directors holding office at 31 December 2005 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.

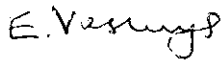
PROVIDENT DEVELOPMENT (2003) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005
(CONTINUED)

6. Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment as auditors to the company will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



E G Versluys
Company Secretary

BRADFORD

3 March 2006

PROVIDENT DEVELOPMENT (2003) LIMITED

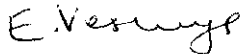
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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, with the exception of changes arising on adoption of new accounting standards in the year as explained on page 7 under note 1 "Principal accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 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



E G Versluys
Company Secretary

BRADFORD

3 March 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PROVIDENT DEVELOPMENT (2003) LIMITED

We have audited the financial statements of Provident Development (2003) Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

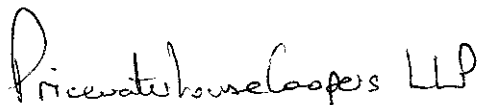
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

7 March 2006

PROVIDENT DEVELOPMENT (2003) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>Notes</u>	<u>Year ended</u> <u>31 December</u> <u>2005</u> <u>£</u>	<u>53 week</u> <u>period ended</u> <u>31 December</u> <u>2004</u> <u>£</u>
Cost of sales		(3,882,475)	(2,742,960)
		_____	_____
GROSS LOSS		(3,882,475)	(2,742,960)
Administrative expenses		(566,885)	(352,196)
		_____	_____
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(4,449,360)	(3,095,156)
Tax on loss on ordinary activities	5	1,332,555	928,437
		_____	_____
RETAINED LOSS FOR THE YEAR/PERIOD	10	(3,116,805)	(2,166,719)
		_____	_____

STATEMENT OF RETAINED LOSSES

		<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
RETAINED LOSS AT START OF YEAR/PERIOD		(2,166,719)	-
RETAINED LOSS FOR THE YEAR/PERIOD	10	(3,116,805)	(2,166,719)
		_____	_____
RETAINED LOSS AT 31 DECEMBER		(5,283,524)	(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 year stated above, and their historical cost equivalents.

PROVIDENT DEVELOPMENT (2003) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
FIXED ASSETS			
Intangible assets	6	37,125	41,625
		<hr/> 37,125	<hr/> 41,625
CURRENT ASSETS			
Debtors: falling due within one year	7	2,260,991	1,110,224
Cash at bank		50,000	50,000
		<hr/> 2,310,991	<hr/> 1,160,224
CREDITORS: amounts falling due within one year	8	(7,581,640)	(3,318,568)
		<hr/> (5,270,649)	<hr/> (2,158,344)
NET CURRENT LIABILITIES			
		<hr/> (5,270,649)	<hr/> (2,158,344)
TOTAL ASSETS LESS CURRENT LIABILITIES		(5,233,524)	(2,116,719)
		<hr/> (5,233,524)	<hr/> (2,116,719)
NET LIABILITIES			
		<hr/> (5,233,524)	<hr/> (2,116,719)
CAPITAL AND RESERVES			
Called-up share capital	9	50,000	50,000
Profit and loss account		(5,283,524)	(2,166,719)
		<hr/> (5,233,524)	<hr/> (2,116,719)
EQUITY SHAREHOLDERS' DEFICIT	10	(5,233,524)	(2,116,719)
		<hr/> (5,233,524)	<hr/> (2,116,719)

These financial statements on pages 5 to 11 were approved by the board of directors on 3 March 2006 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 YEAR ENDED 31 DECEMBER 2005

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 year ended 31 December 2005 which have been applied on a consistent basis, unless otherwise stated, are set out below.

a) Changes in accounting policy

The company has adopted FRS 17 "Retirement Benefits", FRS 21 "Events after the balance sheet date" and FRS 25 "Financial instruments: Disclosure and presentation." There is no impact on the financial statements for the year ended 31 December 2005 and the period ended 31 December 2004.

b) 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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 YEAR ENDED 31 DECEMBER 2005
(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/(crediting):

	<u>Year ended</u> <u>31 December</u> <u>2005</u> £	<u>53 week period</u> <u>ended 31</u> <u>December 2004</u> £
Auditors' remuneration:		
Audit services	2,000	1,000
Non-audit services	-	44,787
Interest payable -- group (included within cost of sales)	352,212	128,681
Amortisation of intangible asset	4,500	3,375
Foreign exchange (gain)/loss	(187,406)	26,869
	<hr/>	<hr/>

3. Directors' emoluments

None of the directors (2004: none) received any emoluments in respect of their services to the company during the year.

Retirement benefits accrued to four directors (2004: four) under a defined benefit scheme during the year.

During the year two directors (2004: two) 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. Employee information

The average number of persons employed by the company, excluding executive directors, during the year was nil (2004: nil). All employee and related costs were borne by the company's parent undertaking or fellow subsidiary undertakings.

PROVIDENT DEVELOPMENT (2003) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
(CONTINUED)

5. Tax on loss on ordinary activities

(a) Analysis of tax credit in the year/period:

	<u>Year ended 31</u> <u>December 2005</u>	<u>53 week period</u> <u>ended 31</u> <u>December 2004</u>
	£	£
Current tax		
UK corporation tax on loss for the year/period	1,333,458	928,437
Adjustments in respect of prior period	(903)	-
	<hr/>	<hr/>
Total current tax (note 5(b))	1,332,555	928,437
	<hr/>	<hr/>
Tax on loss on ordinary activities	1,332,555	928,437
	<hr/>	<hr/>

(b) Factors affecting tax credit for the year/period:

The tax credit for the year is lower than the standard rate of corporation tax in the UK (30%) for the following reasons:

	<u>Year ended 31</u> <u>December 2005</u>	<u>53 week period</u> <u>ended 31</u> <u>December 2004</u>
	£	£
Loss on ordinary activities before taxation	4,449,360	3,095,156
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	1,334,808	928,547
Effects of:		
Expenses not deductible for tax purposes	(1,350)	(110)
Adjustments in respect of prior period	(903)	-
	<hr/>	<hr/>
Current tax credit for the year/period (note 5(a))	1,332,555	928,437
	<hr/>	<hr/>

(c) Factors that may affect future tax charges/(credits):

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 YEAR ENDED 31 DECEMBER 2005
(CONTINUED)

6. Intangible fixed assets

	Know-how £
Cost at 1 January and 31 December 2005	45,000
Amortisation	
At 1 January 2005	3,375
Charge for year	4,500
At 31 December 2005	7,875
Net book value at 31 December 2005	37,125
Net book value at 31 December 2004	41,625

7. Debtors

Amounts falling due within one year:

	<u>2005</u> £	<u>2004</u> £
Amounts owed by other group undertakings	927,533	-
Corporation tax	1,333,458	928,437
Prepayments	-	181,787
	<u>2,260,991</u>	<u>1,110,224</u>

8. Creditors

Amounts falling due within one year:

	<u>2005</u> £	<u>2004</u> £
Amounts owed to ultimate parent undertaking	6,916,773	2,923,767
Amounts owed to other group undertakings	664,867	391,908
Accruals and deferred income	-	2,893
	<u>7,581,640</u>	<u>3,318,568</u>

Amounts owed to the company's ultimate parent undertaking are unsecured and have no fixed date of repayment. Interest is charged at LIBOR related rates.

PROVIDENT DEVELOPMENT (2003) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
(CONTINUED)

9. Called-up share capital

	<u>2005</u> £	<u>2004</u> £
Authorised		
50,000 ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>
Allotted, called-up and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>

10. Reconciliation of movements on equity shareholders' deficit

	<u>2005</u> £	<u>2004</u> £
Share capital issued in the period	-	50,000
Opening shareholders' deficit	(2,116,719)	-
Retained loss for the year/period	(3,116,805)	(2,166,719)
	<hr/>	<hr/>
Closing equity shareholders' deficit	(5,233,524)	(2,116,719)
	<hr/>	<hr/>

11. Financial commitments

At 31 December 2005, the company had no annual financial or capital commitments (2004: nil).

12. 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.

13. 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.