

PROVIDENT PERSONAL CREDIT LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2000

(Company Number 146091)



**PROVIDENT PERSONAL CREDIT LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2000**

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**PROVIDENT PERSONAL CREDIT LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2000.

**1. Principal activities and review of business**

The principal activities of the company are to provide to UK householders and their families, loans and specialised documentary credit facilities. The company also carries on business in the Republic of Ireland through a branch.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of business will be sustained for the foreseeable future.

**2. Results**

The profit and loss account for the year is set out on page 7. The retained profit for the year of £ 32,403,000 (1999 : loss of £52,820,000) has been added to / (deducted from) reserves.

**3. Dividends**

The directors have declared the payment of an interim dividend in respect of the year ended 31 December 2000 of £54,000,000 (1999 : £145,000,000)

**4. Directors**

The directors of the company at 31 December 2000, all of who were directors for the whole of the year then ended, except where stated, were:-

R J Ashton	Chairman
C C Johnstone	Managing Director
F W Forfar	
D W Woods	
C R A Watson	
L M Nicholls	
D R Spiers	
D H Cordingley	
C A Herbert	

(Appointed 14 November 2000)

B D Betts resigned as a director of the company on 1 May 2000.

P G Newton resigned as a director of the company on 15 August 2000.

**PROVIDENT PERSONAL CREDIT LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**5. Directors' interests**

According to the register required to be kept under Section 325 of the Companies Act 1985, the interests of the directors of the company at 31 December 2000 in the shares of the company's parent undertaking were as follows:-

**Beneficial holdings in ordinary shares of 10<sup>4</sup>/<sub>11</sub> p each**

	<u>31 December</u> <u>2000</u>	<u>1 January</u> <u>2000</u>
F W Forfar	5,108	4,055
D W Woods	75,322	75,340
L M Nicholls	10,495	10,478
D R Spiers	-	-
D H Cordingley	4,147	4,940
C A Herbert	-	*-

**Number of share options**

	<u>31 December</u> <u>2000</u>	<u>Exercised</u>	<u>Granted</u> <u>Under</u> <u>SESO</u>	<u>Granted</u> <u>Under</u> <u>SAYE</u>	<u>1 January</u> <u>2000</u>
			***	**	
F W Forfar	57,667	3,053	22,246	948	37,526
D W Woods	42,071	-	15,000	1,548	25,523
L M Nicholls	32,709	-	15,000	412	17,297
D R Spiers	27,954	-	15,000	-	12,954
D H Cordingley	32,400	1,221	15,000	379	18,242
C A Herbert	-	-	-	-	*-

\* At date of appointment

\*\* Employee savings-related share option scheme

\*\*\* Senior executive share option schemes

The above options are exercisable at various dates before 2011 at prices ranging between 226p and 985p per ordinary share.

**PROVIDENT PERSONAL CREDIT LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**5. Directors' interests (continued)**

None of the directors holding office at 31 December 2000 had any interests in the shares of the company or any other group company, except as disclosed above.

As permitted by statutory instrument, the register does not include the interests of directors who are also directors of the company's parent undertakings.

**6. European Monetary Union (EMU)**

Working parties have been established within the group. They have considered the implications of the introduction of the euro. Responsibility for EMU preparation rests with a steering group chaired by the group Finance Director. The costs associated with the introduction of the euro in the Republic of Ireland are not significant. It is too early to forecast accurately the potential costs of the euro's introduction in the UK.

**7. Employee involvement**

Involvement in the company's activities and interest in its progress are encouraged by a variety of means. These include the distribution of a report for employees which explains and comments on the group's published annual results, team briefings, staff meetings, conferences and annual pensions newsletters. It is also company policy to consult and discuss with employees matters likely to affect employees' interests. A Save-As-You-Earn share option scheme is operated by the group to reinforce staff involvement in the group and to encourage an interest in its progress. The current scheme is open to all permanent employees of the company with more than 6 months service who work at least 1 hour a week.

**8. Disabled persons**

It is the company's policy to make no differentiation between the disabled and the able-bodied in recruitment, career development and promotions. Arrangements are made where possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

**PROVIDENT PERSONAL CREDIT LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**9. Supplier policy statement**

The company agrees terms and conditions for its business transactions with suppliers and payment is made in accordance with these, subject to the terms and conditions being met by the supplier.

The trade creditors figure represents 12 days of purchases.

**10. Auditors**

A resolution to reappoint the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting of the company.

BY ORDER OF THE BOARD



R J Marshall Smith  
Company Secretary

BRADFORD

20 February 2001

**PROVIDENT PERSONAL CREDIT 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 suitable 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 year ended 31 December 2000 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'R J Marshall Smith', with a long horizontal flourish extending to the right.

R J Marshall Smith  
Company Secretary

BRADFORD

20 February 2001

**AUDITORS' REPORT TO THE MEMBERS OF**  
**PROVIDENT PERSONAL CREDIT LIMITED**

We have audited the financial statements on pages 7 to 19.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

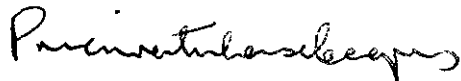
**Basis of audit opinion**

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 the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors

LEEDS

20 February 2001



**PROVIDENT PERSONAL CREDIT LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

	<u>Notes</u>	<u>2000</u> £'000	<u>1999</u> £'000
TURNOVER	2	396,256	365,407
Cost of sales		(182,936)	(166,275)
GROSS PROFIT		213,320	199,132
Administrative expenses		(90,489)	(75,119)
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	122,831	124,013
Tax on profit on ordinary activities	5	(36,428)	(31,833)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		86,403	92,180
Dividends	6	(54,000)	(145,000)
RETAINED PROFIT / (LOSS) FOR THE YEAR		32,403	(52,820)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

Profit after taxation	86,403	92,180
Currency translation differences	(263)	(720)
Total recognised gains and losses relating to the year	86,140	91,460

**STATEMENT OF RETAINED PROFITS**

Retained profit at 1 January 2000	33,653	87,193
Retained profit / (loss) for the year	32,403	(52,820)
Currency translation differences	(263)	(720)
Retained profit at 31 December 2000	65,793	33,653

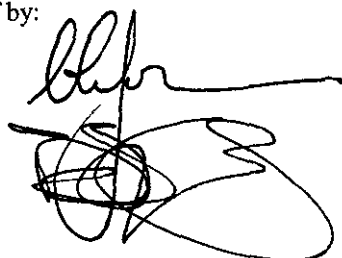
The results shown in the profit and loss account derive wholly from continuing activities. There is no difference between the profit on ordinary activities before taxation and the retained profit/(loss) for the year stated above, and their historical cost equivalents.

**PROVIDENT PERSONAL CREDIT LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2000**

	<u>Notes</u>	<u>2000</u> £'000	<u>1999</u> £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	3,041	4,664
Investments	8	10,001	10,001
		<hr/>	<hr/>
		13,042	14,665
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Amounts receivable from customers less deferred revenue:			
- falling due within one year	9a	518,488	498,443
- falling due after more than one year	9a	9,497	9,470
Debtors	10	5,782	4,806
Cash at bank and in hand		17,609	10,780
		<hr/>	<hr/>
		551,376	523,499
		<hr/>	<hr/>
<b>CREDITORS: amounts falling due within one year</b>	11	(426,125)	(432,011)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		125,251	91,488
		<hr/>	<hr/>
<b>NET ASSETS</b>		138,293	106,153
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	71,542	71,542
Share premium account		958	958
Profit and loss account		65,793	33,653
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15	138,293	106,153
		<hr/>	<hr/>

The financial statements were approved by the board of directors on 20 February 2001 and were signed on its behalf by:



C C Johnstone )  
                          )  
D R Spiers        )

Directors

## PROVIDENT PERSONAL CREDIT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000

#### 1. Principal accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. In accordance with Section 228 of the Companies Act 1985 consolidated accounts are not presented, since the company is a wholly owned subsidiary of Provident Financial plc, a company incorporated in the UK. A summary of the principal accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2000 which have been applied on a consistent basis is set out below:-

##### a) Revenue on instalment credit agreements

The charge payable by the customer on the amount of credit advanced is the company's revenue. It is included in the customer's account balance at the inception of the instalment credit agreement and is recognised in the profit and loss account as follows:

At the inception of the agreement, the profit and loss account is credited with a proportion of revenue:

- i) mainly to cover initial expenses, and
- ii) relating to debt insurance, other than an amount sufficient to cover the cost of potential rebates to customers for early settlement.

The balance of revenue remaining is carried forward in the balance sheet as deferred revenue, to be credited to the profit and loss account in future periods. A proportion of this deferred revenue is credited to the profit and loss account in future periods on the "sum of digits" method, mainly to cover finance costs, and the balance is credited proportionately to collections received.

##### b) Amounts receivable from customers

Provision is made for all doubtful debts based on formulae which reflect the historical performance of the various categories of delinquent debtors or on the expected performance where there is insufficient historical experience. The relevant proportion is appropriated from deferred revenue and the balance from the profit and loss account. Debts are written off when all reasonable steps to recover them have been taken without success.

##### 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

To the extent that either a liability or benefit is expected to arise in the foreseeable future, deferred taxation is calculated on all timing differences at the rates of tax ruling at the dates when those timing differences are expected to reverse.

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**1. Principal accounting policies (continued)**

**e) Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Profits and losses of branches which have currencies of operation other than sterling are translated into sterling at average rates of exchange. Assets and liabilities denominated in foreign currencies are translated at the year end exchange rates.

Exchange differences arising from the retranslation of the opening net assets of branches which have currencies of operation other than sterling and any related loans are taken to reserves together with the differences arising when the profit and loss accounts are translated at average rates and compared with rates ruling at the year end. Other exchange differences are taken to the profit and loss account.

**f) Pension scheme arrangements**

Contributions to separately administered pension funds are charged to the profit and loss account to spread the costs of pensions over the employees' working lives. The regular pension costs are attributed to individual years using the projected unit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average remaining service lives of employees (note 13).

**g) Fixed assets and depreciation**

Depreciation of tangible fixed assets has been calculated by reference to the expected lives of the assets concerned. The following are the principal bases:-

	%	Basis
Short leasehold premises	Over the lease period	Straight line
Equipment including computers	10 - 33 $\frac{1}{3}$ %	Straight line
Motor vehicles	25%	Reducing balance
Commercial vehicles	25%	Straight line

Where fixed assets become obsolete, or suffer an impairment in value, provision is made in the profit and loss account where necessary.

**h) Operating leases**

Costs in respect of operating leases are charged in the profit and loss account on a straight line basis over the lease term.

**i) Subsidiary undertakings**

Investments in subsidiary undertakings are stated in the balance sheet at cost less provisions for impairment in their value.

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**4. Employee information**

- a) The average number of persons employed by the company during the year, including executive directors, was as follows:-

	<u>2000</u> Number	<u>1999</u> Number
Full time	2,224	2,094
Part time	281	266
	<hr/>	<hr/>
	2,505	2,360
	<hr/>	<hr/>

- b) Employment costs - all employees including executive directors:-

	<u>2000</u> £'000	<u>1999</u> £'000
Wages and salaries	48,120	44,304
Social security costs	3,718	3,341
Pension costs (note 13)	3,356	3,411
	<hr/>	<hr/>
	55,194	51,056
	<hr/>	<hr/>

**5. Tax on profit on ordinary activities**

	<u>2000</u> £'000	<u>1999</u> £'000
UK corporation tax at 30% (1999: 30.25%)		
Current	37,344	36,090
Deferred	192	762
	<hr/>	<hr/>
	37,536	36,852
Overseas taxation	525	585
(Over)/under provision in respect of prior years		
Current	(1,671)	(5,742)
Deferred	38	80
Overseas	-	58
	<hr/>	<hr/>
	36,428	31,833
	<hr/>	<hr/>

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**6. Dividends**

	<u>2000</u> £'000	<u>1999</u> £'000
Dividends in respect of ordinary shares:		
Interim dividend of 19p per share (1999 : 51p)	54,000	145,000
	<hr/>	<hr/>

**7. Tangible fixed assets**

	<u>Short leasehold land and buildings</u> £'000	<u>Equipment and vehicles</u> £'000	<u>Total</u> £'000
<b>Cost</b>			
At 1 January 2000	21	18,301	18,322
Currency translation difference	-	(9)	(9)
Additions at cost	-	3,389	3,389
Transfers from group undertakings	-	65	65
Disposals	-	(1,539)	(1,539)
Transfers to group undertakings	-	(8,678)	(8,678)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	21	11,529	11,550
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2000	9	13,649	13,658
Currency translation difference	-	(4)	(4)
Transfers from group undertakings	-	33	33
Charge for the year	1	1,800	1,801
Disposals	-	(868)	(868)
Transfers to group undertakings	-	(6,111)	(6,111)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	10	8,499	8,509
	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 December 2000</b>	<b>11</b>	<b>3,030</b>	<b>3,041</b>
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 1999	12	4,652	4,664
	<hr/>	<hr/>	<hr/>

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**8. Investments**

	<u>2000</u> £'000	<u>1999</u> £'000
Investment in subsidiary undertakings (a)	10,000	10,000
Other unlisted investments (b)	1	1
	<hr/>	<hr/>
	10,001	10,001
	<hr/>	<hr/>

**(a) Investment in subsidiary undertakings**

Provident Leasing Limited, a company incorporated and registered in England, has share capital of 10,000,000 ordinary shares of £1 each.

<u>Name of subsidiary</u>	<u>Nature of Business</u>	<u>Class of share issued</u>	<u>Percentage of shares held</u>
Provident Leasing Limited	Leasing	Ordinary	100%

**(b) Other unlisted investments**

The company has an investment of 0.1% of the registered capital of CZK 82,528,000 of Provident Financial s.r.o., a company incorporated in the Czech Republic. Provident International Investments Limited, a fellow group undertaking, owns the balance of the registered capital in that company.

In the opinion of the directors, the value of the company's investment in its subsidiary undertaking and of its other investment are not less than the amount at which they are stated in the balance sheet.



**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**9. Amounts receivable from customers**

**a) Instalment credit receivables**

	<u>2000</u> £'000	<u>1999</u> £'000
Gross instalment credit receivables	797,607	774,241
Less provision for bad and doubtful debts (note 9b)	(65,846)	(73,216)
Instalment credit receivables after provision for bad and doubtful debts	731,761	701,025
Less deferred revenue thereon	(203,776)	(193,112)
	<u>527,985</u>	<u>507,913</u>
Analysed as:		
- due within one year	518,488	498,443
- due after more than one year	9,497	9,470
	<u>527,985</u>	<u>507,913</u>

**b) Bad and doubtful debts**

	<u>2000</u> £'000	<u>1999</u> £'000
Gross provision as at 31 December 2000 (note 9a)	65,846	73,216
Less deferred revenue thereon	(20,652)	(20,767)
Net provision as at 31 December 2000	45,194	52,449
Net provision as at 1 January 2000	52,449	(46,858)
(Decrease)/increase in provision (net of deferred revenue)	(7,255)	5,591
Amounts written off (net of deferred revenue)	67,829	54,478
Net charge to profit and loss account for bad and doubtful debts	<u>60,574</u>	<u>60,069</u>

The gross provision is made against the total amount receivable from customers which includes unearned service charges ("deferred revenue"). The relevant proportion of the gross provision is appropriated from deferred revenue and the balance from the profit and loss account.

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**10. Debtors - amounts falling due within one year**

	<u>2000</u> £'000	<u>1999</u> £'000
Amounts owed by group undertakings	3,451	2,134
Other debtors	2,331	2,442
Deferred taxation (note 12)	-	230
	<hr/>	<hr/>
	5,782	4,806
	<hr/>	<hr/>

**11. Creditors - amounts falling due within one year**

	<u>2000</u> £'000	<u>1999</u> £'000
Bank loans and overdrafts	8,884	1,569
Amounts due to retailers and customers' unspent balances	20,438	22,507
Trade creditors	2,530	3,393
Amounts owed to group undertakings	357,479	366,933
Corporation tax	24,129	25,878
Other taxation and social security	1,378	1,546
Accruals	11,287	10,185
	<hr/>	<hr/>
	426,125	432,011
	<hr/>	<hr/>

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**12. Deferred taxation**

- a) Deferred taxation provided in the accounts and the full potential (asset)/liability are as follows:

	<u>Provision</u>		<u>Full potential (asset)/liability</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£'000	£'000	£'000	£,000
Accelerated capital allowances	-	-	(606)	(516)
Other timing differences	-	(230)	69	(230)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(230)	(537)	(746)
	<hr/>	<hr/>	<hr/>	<hr/>

- b) The movement in deferred taxation during the year is as follows:

	£'000
Deferred tax asset at 1 January 2000	(230)
Transfer to profit and loss account (note 5)	230
	<hr/>
Deferred tax asset at 31 December 2000 (note 10)	-
	<hr/>

**13. Pension schemes**

The company's parent undertaking, Provident Financial plc, operates funded defined benefit schemes for the majority of its employees including those of the company. Independent qualified actuaries undertake regular valuations of the group's schemes and the most recent valuation was performed as at 1 June 1998. Details of the group's pension schemes can be found in the financial statements of Provident Financial plc for the year ended 31 December 2000. The pension costs of the company for the year were £ 3,356,000 (1999: £3,411,000).

A prepayment of £ 360,000 (1999: £110,000) is included in other debtors, this being the company's share of the excess of the amount funded over the accumulated pension costs.

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**14. Called up share capital**

	<u>2000</u> £'000	<u>1999</u> £'000
<b>Authorised</b>		
400,000,000 ordinary shares of 25p each	100,000	100,000
<b>Issued and fully paid</b>		
286,168,421 ordinary shares of 25p each	71,542	71,542

**15. Reconciliation of movements in equity shareholders' funds**

	<u>2000</u> £'000	<u>1999</u> £'000
Profit for the financial year	86,403	92,180
Dividends	(54,000)	(145,000)
Currency translation differences	(263)	(720)
Net addition to/(deduction from) equity shareholders' funds	31,140	(53,540)
Equity shareholders' funds as at 1 January 2000	106,153	159,693
Equity shareholders' funds as at 31 December 2000	138,293	106,153

**16. Financial commitments**

At 31 December 2000, the company had annual commitments under non-cancellable operating leases expiring as follows:

	<u>Land and buildings</u>		<u>Other</u>	
	<u>2000</u> £'000	<u>1999</u> £'000	<u>2000</u> £'000	<u>1999</u> £'000
Within one year	1,037	1,021	-	60
Between two and five years inclusive	1,334	1,034	-	-
Over five years	194	188	-	-
	2,565	2,243	-	60

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2000**  
**(CONTINUED)**

**17. Capital commitments**

	<u>2000</u> £'000	<u>1999</u> £'000
Contracted with third parties but not provided for	64	192

**18. Related party disclosures**

As a wholly owned subsidiary undertaking, the company has taken advantage of the exemption in FRS8 from disclosing related party transactions with other entities included in the consolidated accounts of Provident Financial plc.

**19. Contingent liabilities**

- a) The company has a contingent liability for guarantees given in respect of borrowings made by the company's ultimate parent undertaking to a maximum of £525,597,000 (1999: £496,298,000). At 31 December 2000 the borrowings amounted to £422,041,000 (1999: £317,282,000). No loss is expected to arise.
- b) As a result of group registration for VAT purposes, the company has a contingent liability for VAT arising in other undertakings in the group. At 31 December 2000 the liability amounted to £Nil (1999: £Nil).

**20. Parent undertaking**

The immediate parent undertaking is Provident Financial Management Services Limited.

The ultimate parent undertaking and controlling party is Provident Financial plc, which is 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.