

**PROVIDENT PERSONAL CREDIT LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2001**

**(Company Number 146091)**



**PROVIDENT PERSONAL CREDIT LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2001**

	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Statement of total recognised gains and losses</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8</b>

**PROVIDENT PERSONAL CREDIT LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

**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 6. The retained loss for the year of £ 56,424,000 (2000 : profit of £ 32,403,000) has been deducted from/added to reserves.

**3. Dividends**

In respect of the year ended 31 December 2001 the directors have declared the payment of a first interim dividend of £ 59,000,000 (2000 : £ 54,000,000) and propose the payment of a second interim dividend of £ 80,000,000 (2000 : £ Nil).

**4. Directors**

The directors of the company at 31 December 2001, all of whom were directors for the whole of the year then ended, were:-

RJ Ashton	Chairman
CC Johnstone	Managing Director
FW Forfar	
CRA Watson	
LM Nicholls	
DR Spiers	
DH Cordingley	
CA Herbert	

DW Woods resigned as a director of the company on 31 August 2001.

**PROVIDENT PERSONAL CREDIT LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**  
**(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 2001 in the shares of the company's ultimate 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>2001</u>	<u>1 January</u> <u>2001</u>
LM Nicholls	10,580	10,503

Number of share options

	<u>31 December</u> <u>2001</u>	<u>Surrendered</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>2001</u>
LM Nicholls	33,809	1,409	-	-	2,509	32,709

\* Employee savings-related share option scheme

\*\* Senior executive share option schemes

The above options are exercisable at various dates before 2010 at prices ranging between 226p and 979.3p per ordinary share.

None of the directors holding office at 31 December 2001 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. Economic and 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 were 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.

**PROVIDENT PERSONAL CREDIT LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**  
**(CONTINUED)**

**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.

**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 9 days of purchases (2000: 12 days).

**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



RJ Marshall Smith  
Company Secretary

BRADFORD

20 February 2002

**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 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 year ended 31 December 2001 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 'RJ Marshall Smith', is written over a horizontal line.

RJ Marshall Smith  
Company Secretary

BRADFORD

20 February 2002

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **PROVIDENT PERSONAL CREDIT LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the statement of retained profits and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of principal accounting policies.

#### **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 the United Kingdom Auditing Standards issued by the Auditing Standards Board.

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 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.

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. The other information comprises only the directors' report.

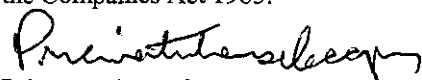
#### **Basis of audit opinion**

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 2001 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 2002

**PROVIDENT PERSONAL CREDIT LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

	<u>Notes</u>	<u>2001</u> £'000	<u>2000</u> £'000
TURNOVER	1, 2	401,140	396,256
Cost of sales		(180,740)	(182,936)
GROSS PROFIT		220,400	213,320
Administrative expenses		(101,282)	(90,489)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	119,118	122,831
Tax on ordinary activities	5	(36,542)	(36,428)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		82,576	86,403
Dividends paid and proposed	6	(139,000)	(54,000)
RETAINED (LOSS)/PROFIT FOR THE YEAR		(56,424)	32,403

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

PROFIT AFTER TAXATION	82,576	86,403
Currency translation differences	(753)	(263)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	81,823	86,140

**STATEMENT OF RETAINED PROFITS**

RETAINED PROFIT AT 1 JANUARY 2001	65,793	33,653
RETAINED (LOSS)/PROFIT FOR THE YEAR	(56,424)	32,403
Currency translation differences	(753)	(263)
RETAINED PROFIT AT 31 DECEMBER 2001	8,616	65,793

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 for the year stated above, and their historical cost equivalents.

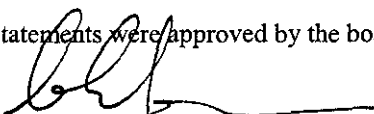



**PROVIDENT PERSONAL CREDIT LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2001**

	<u>Notes</u>	<u>2001</u> £'000	<u>2000</u> £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	2,774	3,041
Investments	8	4,932	10,001
		<hr/>	<hr/>
		7,706	13,042
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Amounts receivable from customers less deferred revenue:			
falling due within one year	9a	545,284	518,488
falling due after more than one year	9a	9,614	9,497
Debtors	10	9,197	5,782
Cash at bank and in hand		13,363	17,609
		<hr/>	<hr/>
		577,458	551,376
		<hr/>	<hr/>
<b>CREDITORS: amounts falling due within one year</b>	11	(504,048)	(426,125)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		73,410	125,251
		<hr/>	<hr/>
<b>NET ASSETS</b>		81,116	138,293
		<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		8,616	65,793
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15	81,116	138,293
		<hr/>	<hr/>

The financial statements were approved by the board of directors on 20 February 2002 and were signed on its behalf by:

 CC Johnstone )  
 DR Spiers ) Directors

## PROVIDENT PERSONAL CREDIT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2001

#### 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 2001 which have been applied on a consistent basis is set out below:-

##### a) Turnover and revenue recognition

Turnover, which excludes value added tax, comprises revenue earned. 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 2001**  
**(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 buildings	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.

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2001**  
**(CONTINUED)**

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

The company has only one class of business, of which 97% is carried on within the UK.

The profit on ordinary activities before taxation is stated after charging / (crediting):-

	<u>2001</u> £'000	<u>2000</u> £'000
Depreciation	1,091	1,801
Auditors' remuneration:		
Audit services	50	46
Non-audit services	8	32
Operating lease rentals:		
Vehicles	-	46
Other	2,331	2,269
Provision for impairment of investment	5,069	-
Management charge from ultimate parent undertaking	-	2,140
Management charge from immediate parent undertaking	27,164	5,681
Interest payable to ultimate parent undertaking (included in cost of sales)*	20,520	21,419
Interest receivable	(32)	(4)
Loss on sale of tangible fixed assets	111	183
	<hr/>	<hr/>

\* Repayable within five years, not by instalments

**3. Directors' emoluments**

	<u>2001</u> £'000	<u>2000</u> £'000
Aggregate emoluments	435	1,251
	<hr/>	<hr/>

Retirement benefits accrue to all directors under a defined benefit scheme.

Fees and other emoluments of the highest paid director are as follows:

	<u>2001</u> £'000	<u>2000</u> £'000
Aggregate emoluments	328	228
	<hr/>	<hr/>
Defined benefit pension scheme:		
Accrued pension at end of year	64	45
	<hr/>	<hr/>

During the year three directors exercised share options over shares of the company's ultimate parent undertaking, Provident Financial plc.

Mr DW Woods resigned as a director on 31 August 2001 and received compensation for loss of office. The total compensation, including benefits, amounted to £325,000. He received £260,000 (less a deduction for tax) as a cash lump sum and £65,000 was paid to augment his pension benefits. Under the arrangement he had the right to exercise executive share options in respect of shares in Provident Financial plc at prices ranging from £ 2.26 to £ 9.793.

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2001**  
**(CONTINUED)**

**4. Employee information**

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

	<u>2001</u> Number	<u>2000</u> Number
Full time	1,899	2,224
Part time	241	281
	<hr/>	<hr/>
	2,140	2,505
	<hr/>	<hr/>

- b) Employment costs - all employees:-

	<u>2001</u> £'000	<u>2000</u> £'000
Wages and salaries	40,950	48,120
Social security costs	3,137	3,718
Pension costs (note 13)	2,924	3,356
	<hr/>	<hr/>
	47,011	55,194
	<hr/>	<hr/>

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

	<u>2001</u> £'000	<u>2000</u> £'000
UK corporation tax at 30% (2000 : 30%)		
Current	37,278	37,344
Deferred	-	192
	<hr/>	<hr/>
	37,278	37,536
Overseas taxation	351	525
(Over)/under provision in respect of prior years:		
Current	(1,087)	(1,671)
Deferred	-	38
	<hr/>	<hr/>
	36,542	36,428
	<hr/>	<hr/>

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2001**  
**(CONTINUED)**

**6. Dividends**

	<u>2001</u> £'000	<u>2000</u> £'000
Dividends in respect of ordinary shares:		
First interim paid of £ 0.21 per share (2000 : £ 0.19)	59,000	54,000
Second interim proposed of £ 0.28 per share (2000 : £ Nil)	80,000	-
	<hr/>	<hr/>
	139,000	54,000
	<hr/>	<hr/>

**7. Tangible fixed assets**

	<u>Short</u> <u>leasehold</u> <u>land and</u> <u>buildings</u> £'000	<u>Equipment</u> <u>and</u> <u>vehicles</u> £'000	<u>Total</u> £'000
<b>Cost</b>			
At 1 January 2001	21	11,529	11,550
Currency translation difference	-	(53)	(53)
Transfers from group undertakings	-	120	120
Additions at cost	-	1,244	1,244
Transfers to group undertakings	-	(145)	(145)
Disposals	-	(818)	(818)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	21	11,877	11,898
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2001	10	8,499	8,509
Currency translation differences	-	(34)	(34)
Transfers from group undertakings	-	30	30
Charge for the year	1	1,090	1,091
Transfers to group undertakings	-	(47)	(47)
Disposals	-	(425)	(425)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	11	9,113	9,124
	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 December 2001</b>	<b>10</b>	<b>2,764</b>	<b>2,774</b>
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2000	11	3,030	3,041
	<hr/>	<hr/>	<hr/>

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2001**  
**(CONTINUED)**

**8. Investments**

	<u>2001</u> £'000	<u>2000</u> £'000
Investment in subsidiary undertakings (a)	10,000	10,000
Provision for impairment	(5,069)	-
	<hr/>	<hr/>
	4,931	10,000
Investments in fellow group undertakings (b)	1	1
	<hr/>	<hr/>
	4,932	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) Investments in fellow group undertakings**

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 2001**  
**(CONTINUED)**

**9. Amounts receivable from customers**

a)	Instalment credit receivables	<u>2001</u> £'000	<u>2000</u> £'000
	Gross instalment credit receivables	832,998	797,607
	Less provision for bad and doubtful debts (note 9b)	(64,500)	(65,846)
		<hr/>	<hr/>
	Instalment credit receivables after provision for bad and doubtful debts	768,498	731,761
	Less deferred revenue thereon	(213,600)	(203,776)
		<hr/>	<hr/>
		554,898	527,985
		<hr/>	<hr/>
	Analysed as:		
	due within one year	545,284	518,488
	due after more than one year	9,614	9,497
		<hr/>	<hr/>
		554,898	527,985
		<hr/>	<hr/>
b)	Bad and doubtful debts	<u>2001</u> £'000	<u>2000</u> £'000
	Gross provision as at 31 December (note 9a)	64,500	65,846
	Less: deferred revenue thereon	(21,270)	(20,652)
		<hr/>	<hr/>
	Net provision as at 31 December	43,230	45,194
	Net provision as at 1 January	(45,194)	(52,449)
		<hr/>	<hr/>
	Decrease in provision (net of deferred revenue)	(1,964)	(7,255)
	Amounts written off (net of deferred revenue)	66,925	67,829
		<hr/>	<hr/>
	Net charge to profit and loss account for bad and doubtful debts	64,961	60,574
		<hr/>	<hr/>

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 2001**  
**(CONTINUED)**

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

	<u>2001</u> £'000	<u>2000</u> £'000
Amounts owed by group undertakings	6,544	3,451
Other debtors	2,653	2,331
	<hr/>	<hr/>
	9,197	5,782
	<hr/>	<hr/>

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

	<u>2001</u> £'000	<u>2000</u> £'000
Bank loans and overdrafts	9,436	8,884
Amounts due to retailers and customers' unspent balances	19,248	20,438
Trade creditors	3,318	2,530
Amounts owed to group undertakings	347,719	357,479
Corporation tax	26,618	24,129
Other taxation and social security	1,158	1,378
Accruals and deferred income	16,551	11,287
Proposed dividend	80,000	-
	<hr/>	<hr/>
	504,048	426,125
	<hr/>	<hr/>

**12. Deferred taxation**

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

	<u>Provision</u>		<u>Full potential</u> <u>(asset)/liability</u>	
	<u>2001</u> £'000	<u>2000</u> £'000	<u>2001</u> £'000	<u>2000</u> £'000
Accelerated capital allowances	-	-	(567)	(606)
Other timing differences	-	-	(8)	69
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	(575)	(537)
	<hr/>	<hr/>	<hr/>	<hr/>

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2001**  
**(CONTINUED)**

**13. Pension schemes**

The company's ultimate 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 2001. Details of the group's pension schemes can be found in the financial statements of Provident Financial plc for the year ended 31 December 2001. The pension costs of the company for the year were £ 2,924,000 (2000 : £3,356,000).

An accrual of £ 26,000 (2000 : prepayment of £360,000) is included in accruals, this being the company's share of the deficit of the amount funded under the accumulated pension costs.

The scheme is a defined benefit scheme but the company is unable to identify its share of the underlying assets and liabilities. The latest actuarial valuation at 1 June 2001 supported that the actuarial value of the assets was sufficient to cover 87% of the benefits that had accrued to members after allowing for expected future increases in earnings. The company's future contributions will increase to remove this deficit.

**14. Called up share capital**

	<u>2001</u> £'000	<u>2000</u> £'000
<b>Authorised</b>		
400,000,000 ordinary shares of £ 0.25 each	100,000	100,000
<b>Issued and fully paid</b>		
286,168,421 ordinary shares of £ 0.25 each	71,542	71,542

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

	<u>2001</u> £'000	<u>2000</u> £'000
Profit for the financial year	82,576	86,403
Dividends	(139,000)	(54,000)
Currency translation differences	(753)	(263)
Net (deduction from)/addition to equity shareholders' funds	(57,177)	32,140
Equity shareholders' funds as at 1 January 2001	138,293	106,153
Equity shareholders' funds as at 31 December 2001	81,116	138,293

**PROVIDENT PERSONAL CREDIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2001**  
**(CONTINUED)**

**16. Financial commitments**

At 31 December 2001, the company had annual commitments under non-cancellable operating leases expiring as follows:

	<u>Land and buildings</u>	
	<u>2001</u>	<u>2000</u>
	£'000	£'000
Within one year	738	1,037
Between two and five years inclusive	1,588	1,334
Over five years	267	194
	<hr/>	<hr/>
	2,593	2,565
	<hr/>	<hr/>

**17. Capital commitments**

	<u>2001</u>	<u>2000</u>
	£'000	£'000
Contracted with third parties but not provided for	3	64
	<hr/>	<hr/>

**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 (i) borrowings made by the company's ultimate parent undertaking and (ii) guarantees given by the company's ultimate parent undertaking in respect of borrowings of certain of its subsidiaries to a maximum of £ 744,541,000 (2000 : £ 525,597,000). At 31 December 2001 the borrowings amounted to £ 516,200,000 (2000 : £ 422,041,000). 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 certain other undertakings in the group. At 31 December 2001 the liability amounted to £ Nil (2000 : £ 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 may be obtained from the Company Secretary, Provident Financial plc, Colonnade, Sunbridge Road, Bradford, BD1 2LQ.