OFFERING CIRCULAR

PROVIDENT FINANCIAL PLC

(incorporated with limited liability in England and Wales)

£250,000,000 8.00 per cent. Guaranteed Bonds due 2019
unconditionally and irrevocably guaranteed by

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

(incorporated with limited liability in England and Wales)

and

PROVIDENT PERSONAL CREDIT LIMITED

(incorporated with limited liability in England and Wales)

and

GREENWOOD PERSONAL CREDIT LIMITED

(incorporated with limited liability in England and Wales)

and

PROVIDENT INVESTMENTS PLC

(incorporated with limited liability in England and Wales)

Issue price: 100.00 per cent.

The £250,000,000 8.00 per cent. Guaranteed Bonds due 2019 (the **Bonds**) are issued by Provident Financial plc (the **Issuer**) and guaranteed on a joint and several basis by Provident Personal Credit Limited, Greenwood Personal Credit Limited, Provident Financial Management Services Limited and Provident Investments plc (each a **Guarantor** and together the **Guarantors**). The Bonds bear interest from and including 23 October 2009 at a rate of 8.00 per cent. per annum, payable semi-annually in arrear, subject to adjustment from time to time in the event of a Step Up Rating Change or Step Down Rating Change (each as defined in the Conditions).

Application has been made to the Financial Services Authority (the **FSA**) in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for the Bonds to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the **London Stock Exchange**) for the Bonds to be admitted to trading on the London Stock Exchange's Regulated Market. The London Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

The Bonds will be rated BBB+ by Fitch Ratings Limited. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Bonds will initially be represented by a temporary global bond (the **Temporary Global Bond**), without interest coupons, which will be issued in New Global Note (**NGN**) form as they are intended to be eligible collateral for Eurosystem monetary policy. The Temporary Global Bond will be deposited on or about 23 October 2009 (the **Closing Date**) with a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (the **Permanent Global Bond** and, together with the Temporary Global Bond, the **Global Bonds**), without interest coupons, on or after 3 December 2009 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Bond will be exchangeable for definitive Bonds only in certain limited circumstances — see *"Summary of Provisions relating to the Bonds while represented by the Global Bonds"*.

An investment in Bonds involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 5.

Lloyds TSB Corporate Markets **The Royal Bank of Scotland**
HSBC **J.P. Morgan Cazenove**

The date of this Offering Circular is 21 October 2009

This Offering Circular comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer and the Guarantors accept responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer and the Guarantors (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer and the Guarantors, having made all reasonable enquiries, confirm that this Offering Circular contains all material information with respect to the Issuer and the Guarantors and the Bonds (including all information which, according to the particular nature of the Issuer, the Guarantors and of the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantors and of the rights attaching to the Bonds), that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer and the Guarantors accept responsibility accordingly.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see *"Documents Incorporated by Reference"*). This Offering Circular should be read and construed on the basis that such documents are incorporated in and form part of the Offering Circular.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Lloyds TSB Bank plc and The Royal Bank of Scotland plc (the **Joint Lead Managers**), HSBC Bank plc and J.P. Morgan Securities Ltd. (the **Co-Managers** and together with the Joint Lead Managers, the **Managers**) or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantors in connection with the offering of the Bonds. None of the Managers or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or the Guarantors in connection with the offering of the Bonds or their distribution.

No person is or has been authorised by the Issuer, any of the Guarantors or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Guarantors, any of the Managers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Guarantors, any of the Managers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantors. Neither this Offering Circular nor any other information supplied in connection with the offering of the Bonds constitutes an offer or invitation by or on behalf of the Issuer, any of the Guarantors, any of the Managers or the Trustee to any person to subscribe for or to purchase any Bonds.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. The Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantors during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Bonds and on distribution of this document, see *"Subscription and Sale"* below.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, the Guarantors, the Managers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, any of the Guarantors, any of the Managers or the Trustee which is intended to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Bonds in the United States, the United Kingdom and Japan, see *"Subscription and Sale"*.

IN CONNECTION WITH THE ISSUE OF THE BONDS, LLOYDS TSB BANK PLC AS STABILISING MANAGER (THE STABILISING MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

All references in this document to **Sterling** and **£** refer to the currency of the United Kingdom.

CONTENTS

RISK FACTORS

The Issuer and the Guarantors believe that the following factors may affect their ability to fulfil their obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantors are not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are described below.

The Issuer and the Guarantors believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer or the Guarantors to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantors based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Factors that may affect the Group's ability to fulfil its obligations under the Bonds

The Group operates through two principal trading divisions: the Consumer Credit Division (**CCD**) and Vanquis Bank. The background to each division is provided on pages 27 to 28.

The Group has a rigorous risk management framework. This is designed to identify the risks that could adversely impact the delivery of the Group's strategic aims and to ensure that adequate controls and procedures are in place to mitigate the risks.

The Group's principal risks, together with the controls and procedures in place to mitigate the risks, are as follows:

Credit risk

Credit risk is the risk that the group will suffer loss in the event of a default by a customer or bank counterparty. A default occurs when the customer or bank fails to honour repayments as they fall due. Customer defaults in the non-standard credit market are typically higher than in more mainstream markets. In addition, the current economic climate has led to increased impairment levels in the credit market generally.

(i) CCD

Credit risk management for CCD is the responsibility of the CCD Credit Committee which is responsible for approving product criteria and pricing. All changes to lending policy must be approved by the CCD Credit Committee, which meets at least every two months.

Credit risk is managed using a combination of lending policy criteria, credit scoring (including behavioural scoring), policy rules, individual lending approval limits, central underwriting, and a home visit to make a decision on applications for credit.

CCD has lending portfolios within its home credit business (**Home Credit**) and its Real Personal Finance business (**RPF**).

Loans within Home Credit are short-term, typically for a contractual period of around a year, with average issue values of between £300 and £500. Agents' commission is based on collections from customers rather than from the issue of new loans which reinforces the core principle of responsible and affordable lending. The business is conducted through agents who have regular face-to-face contact with customers, with all loans underwritten in the customers' home and collections made by a weekly agent visit. Agents often live in the same communities as their customers and are quick to identify and deal with changes to customers' circumstances. These characteristics of the business model make Home Credit well placed to manage the impact on customers of changes in economic conditions effectively.

The underwriting of loans within RPF is performed in the home by a Personal Finance Manager. The emphasis is placed on employment and residential history, credit bureau reports, bank statements, salary slips, disposable income calculations, and the home visit. Average loan sizes are typically £1,800 repayable monthly via direct debit over an 18 month to three-year period.

Arrears management within both Home Credit and RPF is a combination of central letters, central telephony, and field activity undertaken by field management. This will often involve a home visit to discuss the customer's reasons for non-payment and to agree a resolution.

Weekly and monthly monitoring is undertaken at both the product portfolio level and at field management level. Any significant departures from expected performance, together with the reason for departure, are reported to the CCD Credit Committee for it to determine the appropriate action.

(ii) Vanquis Bank

Oversight of Vanquis Bank credit risk is managed by the Vanquis Bank Credit Committee which meets at least quarterly. The Committee manages all credit risks of Vanquis Bank, specifically to ensure that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance to policy.

The Vanquis Bank operating model is very different to mainstream credit card issuers. The business has developed bespoke underwriting scorecards and the customer application process normally involves a telephone interview. The initial credit line granted to a new customer is low, typically £250, and only increased if a customer establishes a satisfactory payment history. Credit bureau data is re-checked regularly for existing customers to mitigate the risk of over-indebtedness. The criteria applied to underwriting and credit line increases have been tightened continuously since the middle of 2007, reflecting a cautious stance in anticipation of deteriorating economic conditions.

Arrears management is a combination of central letters, inbound and outbound telephony and outsourced debt collection agency activities. There is a customer interface from the call centre in Chatham, Kent focussed on collections and customer service.

Daily and monthly monitoring of portfolio key performance indicators is undertaken. Any significant departures from expected performance, together with the reason for departure, are reported to the Board and the Credit Committee of Vanquis Bank to take the appropriate action.

(iii) Bank counterparties

Counterparty credit risk arises as a result of occasional cash deposits placed with clearing banks and the use of derivative financial instruments with banks and other financial institutions which are used to hedge interest rate risk and foreign exchange risk.

Counterparty credit risk is managed by the Group's Treasury Committee and is governed by a Board approved counterparty policy which ensures that the Group's cash deposits and derivative financial instruments are only made with high quality counterparties with the level of permitted exposure to a counterparty firmly linked to the strength of its credit rating. In addition, there is a maximum exposure limit for all institutions, regardless of credit rating. This is linked to the Group's regulatory capital base and is in line with the Group's regulatory reporting requirements on large exposures to the FSA.

Despite the Group's credit risk management procedures, there can be no assurance that the Group's financial performance could not be adversely affected should unforeseen events relating to credit risk arise in the future.

Regulatory risk

Regulatory risk is the risk of loss arising from a breach of existing regulation or future changes in regulation in the markets within which the Group operates. The current volatile economic environment has resulted in a greater focus on regulation, and in particular, there has been an increase in the level of scrutiny placed upon lenders in the non-standard market.

The Group's operations are subject to various forms of regulation originating from Europe, the UK and the Republic of Ireland as explained on pages 29 and 30. These regulations are subject to continual modification which could adversely affect the Group's operations if they are not effectively anticipated and responded to. Changes to legislation could include the introduction of interest rate caps, changes to regulations on lending in the home, more stringent consumer credit legislation or changes in the employment status of CCD's self-employed agents.

In order to manage effectively the risk associated with changing regulation, the Group has a central in-house legal team which, working closely with the CCD and Vanquis Bank compliance and governance functions, seeks to ensure that the Group's operations are compliant with current legislation and manages the implementation of future changes to legislation. Expert third party legal advice is taken where necessary. In addition, both directly and through its trade body, The Consumer Credit Association, the Group aims to maintain a constructive dialogue with its regulators to ensure that its businesses are fully understood.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to regulatory risk arise in the future.

Reputational risk

Reputational risk is the risk that an event or circumstance could adversely impact on the Group's reputation. Operating as it does in the non-standard market leads to greater scrutiny of the Group's activities and any adverse publicity from the activities of legislators, pressure groups and the media could potentially have a detrimental impact on the Group's sales and collections activities.

Reputational risk is managed in a number of ways. At Group level there is a dedicated team and established procedures for dealing with media issues. In addition, a pro-active communication programme to foster a better understanding of the Group's products is co-ordinated at Group level and is targeted at key opinion formers.

Continued investment in a Group co-ordinated community programme helps to foster good relations with customers and the areas in which they live.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to reputational risks arise in the future.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems.

Operational risk is managed by risk functions within CCD and Vanquis Bank whose responsibility it is to monitor operational risks, monitor the controls in place to mitigate those risks and determine the likelihood, value and impact of the risks.

The principal operational risks and the key controls in place to mitigate those risks are as follows:

- ***IT systems*** — the Group's divisions rely on the effective and efficient use of IT systems. IT is managed on a divisional basis by experienced management teams with the use of third party contractors and consultants where necessary.

  The Group has disaster recovery procedures and policies in place which are designed to allow the Group to continue trading in the event of a disaster. These policies and procedures are tested on a regular basis.

- ***Health and safety*** **—** The health and safety of employees is a key concern for the Group. The Group also has a duty of care to the agents it engages. As a result, the Group invests a considerable amount of time ensuring staff are safety conscious. It also assists agents to ensure that they are safety aware. Induction sessions and regular updates are provided on safety awareness and safety awareness weeks form part of the annual calendar.

- ***Fraud*** — The Group can be the subject of fraud by customers, employees and agents. Both CCD and Vanquis Bank operate specialist departments to identify, investigate and report on fraudulent activity. Fraud reports are presented to the divisional boards and the Issuer's Audit Committee.

- ***Recruiting and retaining highly skilled management and staff*** **—** The Group is dependant on the executive directors and the senior management team to deliver the Group's strategy. The Group maintains recruitment, retention and succession planning strategies and monitors remuneration and incentive structures to ensure that they are appropriate and competitive. The Group also ensures that there are training and development opportunities and effective staff communication throughout the business.

In addition to the above mitigating controls, the Group also maintains a range of insurance policies to cover eventualities such as business interruption, loss of IT systems and crime. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to operational risks arise in the future.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the FSA.

Tax risk

Tax risk is the risk of loss arising from changes in tax legislation or practice.

The Group has a Board approved tax strategy. The Group's overall tax risks are managed by an in-house tax team who are responsible for managing the Group's tax affairs. In addition, advice from external professional advisors is sought for all material transactions and, where possible, tax treatments are agreed in advance with any relevant authorities.

The Group's in-house tax team works closely with external advisors on key corporate and indirect tax matters, including the self-employed status of agents. Despite these measures, there can be no assurance that any changes in taxation legislation or practice will not adversely affect the Group's financial position.

Liquidity risk

Liquidity risk is the risk that the Group will have insufficient liquid resources available to fulfil its operational plans and/or meet its financial obligations as they fall due.

Liquidity risk is managed daily by the Group's centralised treasury department through monitoring of expected cash flows in accordance with a Board approved Group funding and liquidity policy. This process is monitored regularly by the Treasury Committee.

The Group's funding and liquidity policy is designed to ensure that the Group is able to continue to fund the growth of the business through its existing borrowing facilities. The Group therefore maintains committed borrowing facilities in excess of expected borrowing requirements to ensure a significant and continuing headroom above forecast requirements at all times for at least the following 12 months. In determining the forecast borrowing requirement, attention is paid to the currently undrawn credit lines granted by Vanquis Bank.

The Group is less exposed than mainstream lenders to liquidity risk as the loans issued by Home Credit, the Group's largest business, are of a short-term duration (typically of around one year) whereas the Group's borrowing facilities typically extend over a number of years.

As at 30 June 2009, the Group's committed borrowing facilities had a weighted average maturity of 2.9 years and the headroom on these facilities amounted to £279.4 million. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to liquidity risks arise in the future.

Interest rate risk

Interest rate risk is the risk that a change in external interest rates leads to an increase in the Group's cost of borrowing.

The Group's interest cost is a relatively small part of the Group's cost base, representing only 7.2 per cent. of total costs in the six months ended 30 June 2009.

The Group's exposure to movements in interest rates is monitored by the Treasury Committee and is governed by a Board approved interest rate hedging policy, which forms part of the Group's treasury policies.

The Group seeks to limit the net exposure to changes in sterling interest rates. This is achieved through a combination of issuing fixed rate debt and by the use of derivative financial instruments such as interest rate swaps. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to interest rate risks arise in the future.

Foreign exchange risk

Foreign exchange risk is the risk that a change in foreign currency exchange rates leads to a reduction in profits or equity.

The Group's exposure to movements in foreign exchange rates is monitored by the Treasury Committee and is governed by a Board approved currency risk management policy which forms part of the Group's treasury policies.

The Group's exposures to foreign exchange risk arise solely from (a) the issuance of US dollar loan notes, which are fully hedged into sterling through the use of cross-currency swaps, and (b) the Home Credit operations in the Republic of Ireland, which are hedged by matching euro denominated net assets with euro denominated borrowings as closely as possible. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to foreign exchange risks arise in the future.

Business risk

Business risk is the risk of loss arising from the failure of the Group's strategy or management actions over the planning horizon.

The Group has developed a clear strategy to grow the business by focusing on being the leading lender to the approximately 10 million people in the UK who make up the non-standard market. To deliver the strategy, the Group aims to grow its existing businesses in a controlled manner by developing new distribution channels;

developing or acquiring new products and services to meet the changing needs of customers; and enhancing business processes to ensure that the Group remains efficient and competitive.

The business risk associated with failure to deliver the Group strategy is mitigated by a number of actions:

- The Board has an annual planning conference to discuss strategy, performance and business opportunities.
- The Group has a Director of Corporate Strategy whose role is to develop corporate strategy, identify strategic opportunities and monitor the strategy and performance of direct, indirect and potential competitors and partners.
- New products or processes are supported by a detailed business plan and are tested and assessed prior to formal roll-out.
- Customer surveys performed by third parties are used regularly to assess customer demographics, attitudes and needs.
- There is wide ranging monitoring of competitor product offers, pricing levels and strategic and operational actions.
- There is a programme management function and process that oversees and controls major change efforts in the business to ensure that they align with strategic priorities.
- A management accounts and budgeting process is in place to monitor actual performance against targets, including strategic and operational reporting.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to business risks arise in the future.

Concentration risk

Concentration risk is the risk arising from the lack of diversification in the Group's business either geographical, demographic or by product.

The Group's operations are concentrated wholly in the UK and the Republic of Ireland in the non-standard consumer credit market which may indicate concentration risk. However, the Group's customer base is well diversified throughout the UK and the Republic of Ireland and is not concentrated in a particular region. In addition, the Group offers a variety of loan products within CCD in addition to the Vanquis Bank credit card to ensure that there is not an over reliance on a particular product. The introduction of RPF into the unsecured direct repayment loans market further diversifies the Group's product range.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to concentration risks arise in the future.

Pension risk

Pension risk is the risk that there may be insufficient assets to meet the liabilities of the Group's defined benefit pension scheme.

The Group operates a defined benefit pension scheme based on final salary. There is a risk that the liabilities within the scheme materially exceed the assets in the scheme due to changes in corporate bond yields, inflation, equity and bond returns and mortality rates.

In order to mitigate the pension risk, the defined benefit pension scheme was substantially closed to new employees joining the Group after 1 January 2003. All new employees joining the Group after 1 January 2003 are invited to join a stakeholder pension plan into which the Group typically contributes 8 per cent. of members' pensionable earnings, provided the employee contributes a minimum of 6 per cent. The Group has no investment or mortality risk in respect of the stakeholder pension plan. In addition, during 2006, new pension arrangements were incorporated into the Group's defined benefit scheme which gave active members the choice of (a) paying higher contributions into the scheme and retaining final salary benefits or (b) paying reduced contributions and joining the 'cash balance' section of the scheme. The aim of the new arrangements is to reduce the Group's exposure to improving mortality rates. The scheme's investment strategy is to maintain a balance of assets between equities and bonds in order to reduce the risk of volatility in investment returns.

As at 30 June 2009, the Group had a pension asset, calculated in accordance with IAS 19 'Employee benefits', of £10.6 million on its balance sheet. The Group, in conjunction with its advisors, continues to monitor investment strategy carefully.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to pension risks arise in the future.

Factors which are material for the purpose of assessing the market risks associated with the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the Bonds generally

Set out below is a brief description of certain risks relating to the Bonds generally:

Modification, waivers and substitution

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, (i) agree to certain modifications of, or to the waiver or authorisation of certain breaches or proposed breaches of, any of the provisions of the Bonds or (ii) determine without the consent of the Bondholders that any Event of Default or potential Event of Default shall not be treated as such. The Terms and Conditions also provide for the substitution of another company as principal debtor under any Bonds in place of the Issuer, in the circumstances described in Condition 11 and for the release of any of the Guarantors and/or the addition of other companies in the Group as additional guarantors of the Bonds as referred to in Condition 11(c). Any of the Guarantors will be automatically released from its obligations to act as guarantor of the Bonds (i) if it becomes a Regulated Subsidiary (as defined in the "Terms and Conditions of the Bonds" below) or (ii) if it becomes regulated by law or otherwise and under the terms of such regulation the contingent liability resulting from a guarantee or indemnity by that Guarantor under the Facilities Agreement (as defined in the "Terms and Conditions of the Bonds" below) would result in a breach by the relevant Guarantor of such regulation or would be required to be taken into account in calculating applicable financial adequacy requirements, solvency ratios or other tests pursuant to such regulation. In addition, the Issuer may choose to release a Guarantor as a guarantor under the Facilities Agreement and the Bonds if it ceases to be a subsidiary or a Material Subsidiary (as defined in the "Terms and Conditions of the Bonds" below) of the Issuer, and the lenders under the Facilities Agreement may also agree to the release of a guarantor under such agreement (and therefore also under the Bonds).

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States including Belgium from 1 January 2010, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, the Guarantors nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The conditions of the Bonds are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Denominations involve integral multiples: definitive Bonds

The Bonds have denominations consisting of a minimum of £50,000 plus one or more higher integral multiples of £1,000. It is possible that the Bonds may be traded in amounts that are not integral multiples of £50,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than £50,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to £50,000.

If definitive Bonds are issued, holders should be aware that definitive Bonds which have a denomination that is not an integral multiple of £50,000 may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks:

The secondary market generally

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Bonds are designed for specific investment objectives or strategies. As such, the Bonds generally will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Bonds.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds and the Guarantors will make any payments under the Guarantees in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of the pound or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's

Currency relative to pounds sterling would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Credit ratings may not reflect all risks

Fitch Ratings Limited have assigned a credit rating to the Bonds. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the FSA shall be incorporated in, and form part of, this Offering Circular:

(a) the auditors report and audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2007 and 2008;

(b) the unaudited interim consolidated financial statements for the six months ended 30 June 2009 of the Issuer.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular. Copies of the documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and are published on the Issuer's website at www.providentfinancial.com.

TERMS AND CONDITIONS OF THE BONDS

The issue of the Bonds was authorised by a resolution of the Board of Directors of Provident Financial plc (the **Issuer**) passed on 11 September 2009 and an executive committee appointed by the Board of Directors on 13 October 2009 and the giving of the Guarantees of the Bonds was duly authorised by a resolution of each of the Boards of Directors of Provident Personal Credit Limited dated 13 October 2009, Greenwood Personal Credit Limited dated 13 October 2009, Provident Financial Management Services Limited dated 13 October 2009, and Provident Investments plc dated 13 October 2009. The Bonds are constituted by a Trust Deed (the **Trust Deed**) dated 23 October 2009 between the Issuer, the Guarantors (as defined in the Trust Deed) and Deutsche Trustee Company Limited (the **Trustee** which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the **Bondholders**). These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds and the coupons relating to them (the **Coupons**). Copies of the Trust Deed, and of the Paying Agency Agreement (the **Paying Agency Agreement**) dated 23 October 2009 relating to the Bonds between the Issuer, the Guarantors, the Trustee and the initial principal paying agent and the other paying agents named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom) and at the specified offices of the principal paying agent for the time being (the **Principal Paying Agent**) and the other paying agents for the time being (the **Paying Agents,** which expression shall include the Principal Paying Agent). The Bondholders and the holders of the Coupons (whether or not attached to the relevant Bonds) (the **Couponholders**) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them of the Paying Agency Agreement.

1. Form, Denomination and Title

(a) Form and denomination

The Bonds are serially numbered and in bearer form in the denominations of £50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000 each with Coupons attached on issue.

(b) Title

Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. Guarantees and Status

(a) Guarantees

The Guarantors have unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Bonds and the Coupons. Their obligations in that respect (the **Guarantees**) are contained in the Trust Deed.

(b) Status

The Bonds and Coupons constitute (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons and of the Guarantors under the Guarantees shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.

3. Negative Pledge

So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantors will, and will ensure that none of their Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Trust Deed, the Bonds and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In this Condition 3:

(i) **Relevant Indebtedness** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

(ii) **Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

4. Interest

(a) Initial Rate of Interest

The Bonds bear interest from and including 23 October 2009 at the rate of 8.00 per cent. per annum (the **Initial Rate of Interest**), payable semi-annually in arrear in equal instalments of £40 per Calculation Amount (as defined below) on 23 April and 23 October in each year (each an **Interest Payment Date**). Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year.

In these Conditions, the period beginning on and including 23 October 2009 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an **Interest Period**.

Interest in respect of any Bond shall be calculated per £1,000 in principal amount of the Bonds (the **Calculation Amount**). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 8.00 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest penny (half a pence being rounded upwards).

(b) Step Up Rating Change and Step Down Rating Change

The Initial Rate of Interest payable on the Bonds will be subject to adjustment from time to time (such rate of interest, as adjusted from time to time, the **Rate of Interest**) in the event of a Step Up Rating Change or a Step Down Rating Change, as follows:

(i) subject to paragraph (iii) below, from and including the first Interest Payment Date falling on or after the date of a Step Up Rating Change, the Rate of Interest payable on the Bonds shall be the Initial Rate of Interest plus 1.25 per cent. per annum;

(ii) subject to paragraph (iii) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date falling on or after the date of such Step Down Rating Change, the Rate of Interest payable on the Bonds shall be decreased by 1.25 per cent. per annum so that it again becomes the Initial Rate of Interest; and

(iii) if a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Interest Period, the Rate of Interest payable on the Bonds shall neither be increased nor decreased as a result of either such event.

The Issuer will cause the occurrence of an event giving rise to a Step Up Rating Change or a Step Down Rating Change to be notified to the Trustee, the Principal Paying Agent and (in accordance with Condition 15) the Bondholders as soon as reasonably practicable after the occurrence of the Step Up Rating Change or the Step Down Rating Change (as the case may be) but in no event later than the fifth London business day thereafter.

Notwithstanding any other provision contained in these Conditions, there shall be no limit on the number of times that the Rate of Interest payable on the Bonds may be adjusted pursuant to a Step Up Rating Change or a Step Down Rating Change during the term of the Bonds, provided that at no time during the term of the Bonds will the Rate of Interest payable on the Bonds be lower than the Initial Rate of Interest nor higher than the Initial Rate of Interest plus 1.25 per cent. per annum.

If the rating designations employed by a Rating Agency are changed from those which are described in this Condition 4, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, the rating designations of such Rating Agency or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of such Rating Agency (or of the Substitute Rating Agency, if such Substitute Rating Agency subsequently changes its rating designations) and this Condition 4 shall be read accordingly.

The Trustee is under no obligation to ascertain whether a Step Down Rating Change or a Step Up Rating Change or any event which could lead to the occurrence of or could constitute a Step Down Rating Change or a Step Up Rating Change, has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Step Down Rating Change or Step Up Rating Change or other such event has occurred.

In these Conditions:

Rating Agency means, to the extent that a rating of the Bonds is solicited by the Issuer from such rating agency, Fitch Ratings Limited (**Fitch**), Moody's Investors Service, Inc. (**Moody's**) or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P**) or their successors or any rating agency (a **Substitute Rating Agency**) substituted for any of them by the Issuer from time to time.

Step Down Rating Change means the first public announcement by any Rating Agency after a Step Up Rating Change by such Rating Agency (a) applying a credit rating or (b) of an increase in the credit rating of the Bonds, with the result that, following such public announcement(s), the Bonds are rated by each Rating Agency and none of the Rating Agencies rate the Bonds below investment grade (investment grade being BBB– or above in relation to Fitch, BBB– or above in relation to S&P or Baa3 or above in relation to Moody's or, where a Substitute Rating Agency has been designated by the Issuer, a comparable rating or above (**Investment Grade**)).

Step Up Rating Change means the first public announcement by any Rating Agency (a) of its ceasing to apply a credit rating to the Bonds or (b) of a decrease in the credit rating of the Bonds to below Investment Grade.

5. Redemption and Purchase

(a) Final redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 23 October 2019. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) Redemption for taxation reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it (or, if the Guarantees were called, a Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 21 October 2009, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it/them, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor(s), as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Bonds (or the Guarantees, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer (or the relevant Guarantor(s), as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it and the Trustee shall be required to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

(c) Notice of redemption

All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(d) Purchase

Each of the Issuer, the Guarantors and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price (provided that they are purchased together with all unmatured Coupons relating to them). The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantors or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 5, 8 and 11.

(e) Cancellation

All Bonds so redeemed or purchased and any unmatured Coupons attached to or surrendered with them may be held or re-sold or, at the discretion of the Issuer, the relevant Guarantor or the relevant Subsidiary, surrendered to the Principal Paying Agent for cancellation. All Bonds and Coupons which are so surrendered will be cancelled and may not be re-issued or resold.

6. Payments

(a) Method of Payment

Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office outside the United States of any Paying Agent by pounds sterling cheque drawn on, or by transfer to pound sterling account maintained by the payee with, a bank in London. Payments of interest due in respect of any Bond other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond.

(b) Payments subject to laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(c) Surrender of unmatured Coupons

Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than ten years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.

(d) Payments on business days

A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a pound sterling account, in London). No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition **business day** means a day on which commercial banks and foreign exchange markets are open in the relevant city.

(e) Paying Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent, (ii) Paying Agents having specified offices in at least two major European cities approved by the Trustee and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Bondholders.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantors in respect of the Bonds and the Coupons or under the Guarantees shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Tax Jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, the Guarantors shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

(a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the Tax Jurisdiction other than the mere holding of the Bond or Coupon; or

(b) **Presentation more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or

(c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or

(d) **Payment by another Paying Agent:** by or on behalf of a Bondholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

Relevant Date means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

Tax Jurisdiction means any jurisdiction under the laws of which the Issuer or any Guarantor, or any successor to the Issuer or any Guarantor, or any entity which becomes an additional guarantor pursuant to Condition 11(c), is organised or in which it is resident for tax purposes.

8. Events of Default

If any of the following events occurs the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to it being indemnified and/or secured to its satisfaction, give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

(a) **Non-Payment:** the Issuer fails to pay the principal of or any interest on any of the Bonds when due and such failure continues for a period of five Business Days; or

(b) **Breach of Other Obligations:** the Issuer or any Guarantor does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 25 days after notice of such default shall have been given to the Issuer or the relevant Guarantor(s) by the Trustee; or

(c) **Cross-Acceleration:** (i) any other present or future Borrowed Moneys of the Issuer or a Guarantor or any of their respective Subsidiaries (as defined in the Trust Deed) become due and payable prior to its stated maturity by reason of default, event of default or the like (howsoever described), or (ii) any such Borrowed Moneys are not paid when due or, as the case may be, within any originally applicable grace period, or

(iii) the Issuer or a Guarantor or any of their respective Subsidiaries fails to pay, when due any amount payable by it under any present or future guarantee for, or indemnity in respect of Borrowed Moneys provided that the aggregate amount of the relevant Borrowed Moneys, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds £5,000,000 or its equivalent (as reasonably determined by the Trustee); or

(d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or a Guarantor or any Material Subsidiary and remains undischarged for 60 days; or

(e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or a Guarantor or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or

(f) **Insolvency:** the Issuer or a Guarantor or any Material Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or a Guarantor or any Material Subsidiary; or

(g) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or a Guarantor or any Material Subsidiary, or the Issuer or a Guarantor ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or a Guarantor (as the case may be) or another of its Subsidiaries; or

(h) **Illegality:** in the opinion of the Trustee, any material obligations of the Issuer or any Guarantor are not or cease to be legal, valid and enforceable; or

(i) **Ownership:** any of the Guarantors is not or ceases to be a Subsidiary of the Issuer; or

(j) **Guarantees:** a Guarantee is not (or is claimed by a Guarantor not to be) in full force and effect,

provided that in the case of paragraph (b), (d) and (e) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders.

For the purposes of this Condition 8:

Base IFRS means international accounting standards within the meaning of the IAS Regulation 1606/2002 as applied by the Issuer in connection with the preparation of the audited financial statements of the Issuer for the financial year ended 31 December 2006.

Borrowed Moneys means of any person without duplication:

(a) any indebtedness for moneys borrowed of such person including, without limitation, indebtedness created by means of acceptances, the issue of loan stock and any liability evidenced by bonds, debentures, notes or similar instruments; and

(b) capitalised rental obligations of such person under any lease entered into by such person as lessee which would be classified as a "finance lease" under International Financial Reporting Standards.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

Consolidated EBITA means, in respect of any period, the consolidated profit of the Group and the profits of any joint venture and associates of the Group for that period:

(a) after adding back (to the extent otherwise deducted) interest payable;

(b) before any deduction for or on account of taxation;

(c) after adding back (to the extent otherwise deducted) any amount attributable to the impairment of goodwill;

(d) after adding back (to the extent otherwise deducted) any amount attributable to the amortisation or impairment of intangible assets (excluding any deferred acquisition costs in respect of any of the Regulated Subsidiaries);

(e) excluding any item of income or expense that is material (either individually or in aggregate) and either of an unusual or a non-recurring nature including, without limitation, any such item:

  (i) in relation to:

    (A) the restructuring of the activities of an entity;

    (B) disposals, revaluations or impairment of non-current assets; or

    (C) disposals of assets associated with discontinued operations; or

  (ii) which is a reversal of any item falling within this paragraph (e); and

(f) excluding the effect under IAS 32 and IAS 39 of the fair valuation of derivative assets and liabilities,

all as determined in accordance with Base IFRS.

Gross Tangible Assets means, in relation to the Issuer or any Subsidiary of the Issuer or grouping of the foregoing referred to in these Conditions, the total of the fixed and current assets of such entity or grouping, but excluding:

(a) sums due to such entity or grouping from other members of the Group; and

(b) any amounts attributable to goodwill and other intangible assets,

as determined in accordance with Base IFRS.

Group means the Issuer and its Subsidiaries for the time being.

Material Subsidiary means each Subsidiary of the Issuer (other than any Regulated Subsidiary or any Stand Alone Subsidiary) from time to time whether owned at the date of issue of the Bonds or acquired subsequently:

(a) whose Gross Tangible Assets represents 7.5 per cent. or more of the Gross Tangible Assets of the Group, immediately before the relevant company becomes a Subsidiary of the Issuer in the case of an acquired Subsidiary; or

(b) whose profit for the financial period of the Issuer and its Subsidiaries then most recently ended (calculated with respect to such Subsidiary in the same manner as Consolidated EBITA is calculated) represents 7.5 per cent. or more of Consolidated EBITA, immediately before the relevant company becomes a Subsidiary of the Issuer in the case of an acquired Subsidiary.

In the case of such a Subsidiary which itself has Subsidiaries (the **Relevant Group**), the calculation shall be made by comparing the Gross Tangible Assets or consolidated profit (calculated in the same manner as Consolidated EBITA is calculated), as the case may be, of the Relevant Group to the Gross Tangible Assets or Consolidated EBITA of the Group.

Non-Guaranteeing Subsidiary means any Subsidiary of the Issuer which is not a Regulated Subsidiary, a Guarantor or a Stand Alone Subsidiary, and **Non-Guaranteeing Subsidiaries** means all such Subsidiaries.

Regulated Subsidiary means any Subsidiary of the Issuer which is:

(a) an institution or a Subsidiary of such an institution, authorised or permitted under applicable law or regulation to accept deposits from the general public, and which does so accept deposits, in the course of its business; or

(b) permitted under the Financial Services and Markets Act 2000 to effect and carry out contracts of insurance or which is a Subsidiary of the same; or

(c) regulated by the Insurance Business (Bailiwick of Guernsey) Law 2002 as amended or which is a Subsidiary of the same; or

(d) an institution or a Subsidiary of such an institution not falling within paragraph (b) or (c) above, authorised or permitted under applicable law or regulation to engage, and which does so engage, in the business of writing or issuing contracts of insurance with the general public or in the business of writing similar contracts for the purpose of the spreading or underwriting of specified risks or peril,

and **Regulated Subsidiaries** means all such Subsidiaries and any reference in this definition (i) to any statute shall be construed as a reference to the same as it may have been or may from time to time be amended, modified or re-enacted or (ii) to any body shall include any successor thereto.

Stand Alone Subsidiary means any Subsidiary of the Issuer:

(a) which is not a Regulated Subsidiary;

(b) whose Borrowed Moneys are not guaranteed by the Issuer, any Guarantor or any Non-Guaranteeing Subsidiary and the person to whom the Borrowed Moneys are owed has no recourse to the Issuer, any Guarantor or any Non-Guaranteeing Subsidiary in respect of any failure to pay those Borrowed Moneys; and

(c) which does not provide guarantees in respect of the Borrowed Moneys of the Issuer, the Guarantors and the Subsidiaries which are not Regulated Subsidiary, a Guarantor or a Stand Alone Subsidiary.

Subsidiary means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

A certificate signed by two Authorised Signatories of the Issuer stating a Subsidiary is or is not or was or was not at any particular time or any particular period a Material Subsidiary shall in the absence of manifest error be conclusive and binding on the Issuer, the Guarantors, the Trustee and the Bondholders.

9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10. Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Guarantors may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

11. Meetings of Bondholders, Modification, Waiver and Substitution

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders holding not less than one-tenth in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing more than half in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia,* (i) to change any date fixed for payment of principal or interest in respect of the Bonds, (ii) to reduce the amount of principal or interest payable on any date in respect of the Bonds, (iii) to alter the method of calculating the amount of any payment in respect of the Bonds, (iv) to change the currency of payment under the Bonds or the Coupons, (v) to change the quorum requirements relating to meetings of Bondholders or the majority required to pass an Extraordinary Resolution, or (vi) to modify or cancel a Guarantee, in which case the necessary quorum will be one or more persons holding or representing not less than three-quarters, or at any adjourned meeting not less than one quarter, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

The Trust Deed also contains provisions requiring the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the resignation of a guarantor, or to the addition of a new guarantor, in certain circumstances. Any such resignation or addition will occur if there is a resignation of a Guarantor, or the addition of a new guarantor, under the terms of the Issuer's £707,500,000 Multi Currency Term and Revolving Facilities Agreement dated 9 March 2007, as amended from time to time (the **"Facilities Agreement"**), and will take effect on the same date that any such resignation or addition takes effect under the Facilities Agreement. In the case of such a resignation or addition the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Bondholders. The Issuer will provide to the Trustee 90 days' notice of any planned change of guarantor under the Facilities Agreement before any such change is to take effect under the Facilities Agreement.

The Issuer will notify Bondholders in the event of any substitution of the Issuer, or of any previous substituted company, or of any resignation of a Guarantor or addition of a new guarantor, pursuant to this Condition 11.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer or a Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

12. Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantors, or take any action or step, as it may think fit to enforce the terms of the Trust Deed, the Bonds and the Coupons, but it need not take any such proceedings, action or step unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-quarter in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or provided with security to its satisfaction. No Bondholder or Couponholder may proceed directly against the Issuer or a Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions pursuant to which the Trustee is entitled, *inter alia,* (a) to enter into business transactions with the Issuer and/or the Guarantors and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or a Guarantor and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely, without liability to the Bondholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders.

14. Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

15. Notices

Notices to the Bondholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition.

16. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

17. Governing Law

The Trust Deed, the Bonds and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE REPRESENTED BY THE GLOBAL BONDS

1. NOMINAL AMOUNT AND EXCHANGE

The nominal amount of the Bonds shall be the aggregate amount from time to time entered in the records of Euroclear Bank S.A/N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or any alternative clearing system approved by the Trustee (the **Alternative Clearing System**) (each a **relevant Clearing System**). The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of Bonds represented by the Temporary Global Bond and the Global Bond and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The Global Bond is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Bonds described below if the Global Bond is held on behalf of a relevant Clearing System and such relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the Global Bond for Definitive Bonds on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Global Bond may surrender the Global Bond to or to the order of the Principal Paying Agent. In exchange for the Global Bond the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Bonds.

Exchange Date means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the cities in which the relevant clearing system is located.

2. Payments

No payment will be made on the Temporary Global Bond unless exchange for an interest in the Global Bond is improperly withheld or refused. Payments of principal and interest in respect of Bonds represented by the Global Bond will be made to its holder. The Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Bonds will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Condition 6(e)(iii) and 7(d) will apply to the Definitive Bonds only.

3. Notices

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a relevant Clearing System, notices to Bondholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

4. Prescription

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

5. Purchase and Cancellation

On any cancellation of any Bond required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Bonds recorded in the records of the relevant Clearing Systems and represented by this Global Bond shall be reduced by the aggregate nominal amount of the Bonds so cancelled.

6. Trustee's Powers

In considering the interests of Bondholders while the Global Bond is held on behalf of a relevant Clearing System the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Bond and may consider such interests as if such accountholders were the holder of the Global Bond.

USE OF PROCEEDS BY THE GROUP

The net proceeds of the issue of the Bonds will amount to approximately £158,329,525 after taking account of the buy back by the Group of the Issuer's £100,000,000 7.125 per cent. Subordinated Step-Up Bonds due 2015 issued on 15 June 2005 (the **Subordinated Bonds**) excluding fees as further described in the *"Recent Developments"* section of the *"Description of the Issuer and the Group"* below, and will be applied by the Issuer for the general corporate purposes of the Group.

DESCRIPTION OF THE ISSUER AND THE GROUP

History and Development of the Issuer and the Group

The Issuer is a public limited company whose ordinary shares are listed on the London Stock Exchange. As at 14 October 2009, the Issuer had a market capitalisation of approximately £1.3 billion.

The Issuer was incorporated in England and Wales on 31 August 1960 under the Companies Act 1948 with registered number 668987. It was re-registered as a public limited company on 31 December 1981. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 731111.

The Issuer is the parent company of the Group (the Issuer and its subsidiaries together constitute the **Group**).

The Group's business is the provision of small-sum, unsecured credit products tailored to the needs of customers on moderate incomes who are often unable to access credit from mainstream providers. Its geographic focus is solely upon the UK and Republic of Ireland. Its strategy is to grow its existing businesses, taking advantage of changes in the market and competitive environment, whilst also broadening its range of credit products to meet the needs of more of the people in its target market.

The business was established in 1880 and now provides simple credit products to over two million customers throughout the United Kingdom and the Republic of Ireland.

Business Overview of the Group

The Group operates through two principal trading divisions: CCD and Vanquis Bank. In addition, the Group continues to collect the customer receivables from its discontinued Yes Car Credit operation.

An analysis of profit before tax of the Group for the two years ended 31 December 2007 and 2008 and the six months ended 30 June 2009 is as follows:

	Six months ended 30 June 2009	Year ended 31 December 2008	Year ended 31 December 2007
	£m	£m	£m
CCD	52.0	126.1	123.5
Vanquis Bank	5.0	8.0	(0.9)
Yes Car Credit (collect-out)	(1.1)	(2.9)	(2.9)
Central:			
— Costs	(3.6)	(5.5)	(6.5)
— Interest receivable	0.8	3.1	2.0
Total central	(2.8)	(2.4)	(4.5)
Total Group	53.1	128.8	115.2

CCD

CCD comprises two businesses: Home Credit and RPF.

(i) Home Credit

Home Credit has been in existence since 1880 and is a leading provider of home credit in the UK and Republic of Ireland, serving approximately 1.7 million customers as at 30 June 2009. The business offers simple, transparent financial services to customers on average or below-average incomes, many of whom find it difficult to obtain or manage other forms of credit. Typically, customers are fairly evenly split between the C, D and E socio-economic groups.

Home Credit operates under two brand names, Provident Personal Credit and Greenwood Personal Credit, and offers small unsecured cash loans, typically for sums of between £300 and £500 repayable over a period of about a year. The Annual Percentage Rate (APR) on the most popular loans is currently either 189.2 per cent. or 254.5 per cent. The business model requires a large agency force, currently made up of approximately 11,500 self-employed individuals of whom approximately 70 per cent. are women. The agency force is supported by a large branch network comprising of more than 300 locations throughout England, Scotland, Wales, Northern Ireland and the Republic of Ireland. The loans are underwritten and delivered in cash to the customer's home by an agent who then calls every week to collect the repayments. Unlike other forms of lending, Home Credit's loans include all the costs up front and there are no extra fees or penalty charges when a customer misses a payment. Importantly agents are paid commission on what they collect, not what they lend, so they are motivated to lend only what the customer can afford.

Home Credit also offers pre-loaded Visa cards where a Home Credit loan is loaded onto a plastic card, and pre-paid shopping vouchers which can be redeemed at a number of high street retail outlets.

Home Credit regularly commissions independent customer satisfaction surveys to ensure that customers' needs are being met and that customers are satisfied with the service they are receiving. As at 30 June 2009, customer satisfaction in Home Credit was 94 per cent.

(ii) RPF

RPF is a market test of a direct repayment loan product in the non-standard loans market and was established in late 2007. This market is currently under-supplied with the companies operating in the sector reducing their presence and further tightening their lending criteria. RPF has been set up to test whether the Group can profitably extend its reach into this market.

RPF is an extension of the Home Credit model but in a much larger market sector. The business leverages from the branch infrastructure of Home Credit and importantly shares one of the key strengths of Home Credit in that the initial assessment interview is conducted in the customer's home by a Personal Finance Manager. Repayments are then collected monthly via direct debit.

RPF offers larger loans than Home Credit of around £1,800 on average repayable over 18 months to three years. APRs are typically between 75 per cent. and 95 per cent. As at 30 June 2009, customer numbers stood at approximately 13,000.

Vanquis Bank

Vanquis Bank was established as a pilot credit card operation in 2003 prior to advancing into full roll-out during 2004. The business operates in the non-standard sector of the UK credit market, offering credit cards to customers on average to below average incomes, where the household income is typically between £20,000 and £30,000 per year with limited or impaired credit histories. Credit limits are much lower than those generally offered by mainstream credit card companies, with half of all new customers starting with a credit limit of £250. The maximum initial credit line is currently £1,000. Utilisation on card accounts is high at around 80 per cent. and the current average balance is approximately £580. Vanquis Bank cards have a higher minimum repayment of around 5 per cent. compared with most other credit cards. The typical initial APR is currently 39.9 per cent.

Customer recruitment is primarily through the internet, direct mailing campaigns and from decline agreements with other card providers. Customer numbers as at 30 June 2009 were 416,000. Vanquis Bank regularly commissions independent customer satisfaction surveys to ensure that customers' needs are being met and that customers are satisfied with the service they are receiving. As at 30 June 2009, customer satisfaction in Vanquis Bank was 86 per cent.

Yes Car Credit

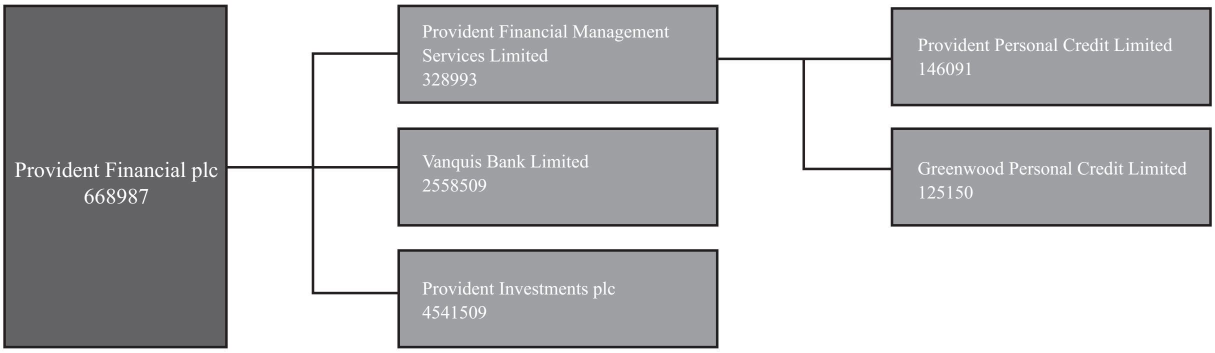
Yes Car Credit formerly provided vehicle finance and ancillary insurance products through a branch network. Loans were typically for a four year period and the vehicle was used as security. The Yes Car Credit operation was closed in December 2005 and the Group continues to collect-out the loan book that existed on closure. Since December 2005, the collect-out of the loan book has progressed well and customer receivables stood at £0.3m as at 30 June 2009 compared to £235.3m on closure of the business. The full collect-out of the loan book is expected prior to the end of 2009.

Principal Markets

The Group operates in the non-standard credit market, within which there are over ten million consumers in the United Kingdom and Republic of Ireland. The home credit industry serves up to 3 million of this market and the Group has 1.7 million Home Credit customers within CCD. Approximately 80,000 (4.7 per cent.) of CCD's Home Credit customers reside in the Republic of Ireland.

Organisational Structure

The diagram below sets out the current structure of the principal operating subsidiaries of the Group.



The Issuer is the parent company of the Group. It is dependant on the performance of its two principal divisions: CCD and Vanquis Bank.

The principal operating subsidiaries within CCD, all of which are Guarantors of the Bonds, are Provident Financial Management Services Limited, Provident Personal Credit Limited and Greenwood Personal Credit Limited. The Issuer's interests in Provident Personal Credit Limited and Greenwood Personal Credit Limited are held indirectly through its 100 per cent. holding in Provident Financial Management Services Limited.

The Issuer's interest in the business of Vanquis Bank is held directly through a 100 per cent. holding in Vanquis Bank Limited. Vanquis Bank Limited is not a Guarantor of the Bonds by virtue of its regulated status.

The remaining Guarantor of the Bonds, Provident Investments plc, is a wholly owned subsidiary of the Issuer.

Regulation

The Group's operations are subject to various forms of regulation originating from Europe, the UK and Republic of Ireland. The paragraphs set out below briefly summarise the principal areas of regulation specific to the Group's operations:

The Consumer Credit Act 2006 (the Credit Act)

All major parts of the Credit Act are now in force although the Office of Fair Trading (**OFT**) still has to complete a project on 'irresponsible lending'. Amongst the business practices that the OFT must take into account in assessing a lender's fitness to hold a licence, are practices that appear to the OFT to involve irresponsible lending. In July 2009 the OFT issued a consultation paper outlining draft guidance on irresponsible lending. The Issuer, through its trade body, the Consumer Credit Association, will engage with OFT officials and respond to the consultation.

The European Consumer Credit Directive (Credit Directive)

The Credit Directive was adopted by the European Parliament in January 2008 and must be implemented into Member State law by mid-2010. Since late 2008, the Department for Business, Innovation and Skills (**BIS**) has conducted an informal consultation process with stakeholders on implementation of the Credit Directive into UK law. The Issuer, through the Consumer Credit Association, has been involved in the consultation process. Regulations are expected to emerge by the end of 2009.

The new rules introduced by the Credit Directive include provisions on pre-contract information, adequate explanations to consumers, obligations to assess creditworthiness, database use, rights of withdrawal and changes to the basis of calculating early settlement rebates.

Ireland Consumer Protection Code for Moneylenders

The Financial Regulator in Ireland has published a new Consumer Protection Code (the **Code**) that will apply to home credit traders. The Code includes new provisions on knowing the customer, suitability, complaint handling and consumer records.

General principles set out in the Code came into force on 1 January 2009. The more detailed provisions came into effect on 30 September 2009.

The Issuer has implemented changes to its practices and procedures to ensure compliance with the Code. However, as with all new regulation, it will be some time before the full effects of the new rules are evident.

FSA regulation

Vanquis Bank holds a banking licence and is regulated by the FSA. In its supervisory role, the FSA sets requirements relating to capital adequacy, liquidity management and large exposures. CCD operates under a number of consumer credit licences granted by the OFT but is not regulated by the FSA. However, the Group, incorporating both CCD and Vanquis Bank, is the subject of consolidated supervision by the FSA by virtue of the Issuer being the parent company of Vanquis Bank.

The FSA sets requirements for the Group in respect of capital adequacy and large exposures but not in respect of liquidity. The Group adopted the Capital Requirements Directive (**CRD**) on 1 January 2008. The CRD requires the Group and Vanquis Bank to conduct an Internal Capital Adequacy Assessment Process (**ICAAP**) on an annual basis. The key output of the ICAAP is a document which considers the risks faced by the Group and the adequacy of internal controls in place, ascertains the level of regulatory capital that should be held to cover these risks and performs stress testing on both regulatory capital and liquidity under severe downside scenarios. The ICAAP is approved by the Board and considered by the FSA in setting the Group's regulatory capital requirement (called Individual Capital Guidance (**ICG**)).

The Group and Vanquis Bank have recently received final ICGs from the FSA. These are not materially different from the interim ICGs which the Group and Vanquis Bank had operated under since 1 January 2008.

The ICG set by the FSA is expressed as a percentage of the minimum Pillar I requirement for credit risk and operational risk calculated using predetermined formulae. As at 30 June 2009, the regulatory capital held as a percentage of the minimum Pillar I requirement was 428 per cent. for the supervised Group and 281 per cent. for Vanquis Bank. These were comfortably in excess of the final ICGs recently set by the FSA.

The CRD requires the Group to make annual Pillar III disclosures which sets out information on the Group's regulatory capital, risk exposures and risk management processes. The Group's full Pillar III disclosures can be found separately on the Group's website, www.providentfinancial.com.

BIS White Paper

On 2 July 2009, BIS published its White Paper, "A Better Deal for Consumers — Delivering Real Help Now and Change for the Future". Part of this paper concerns consumer credit with the aims of continuing access to credit for vulnerable consumers, promoting more responsible lending, limiting over-indebtedness and increasing the transparency of consumer credit products. At the same time, the OFT announced its review of the £35 billion high-cost consumer credit market, which will focus on the impact of the economic downturn on competition, the business models of lenders and consumer protection. The Issuer supports the broad aims of the White Paper and will contribute to the review process. The competitive position in the £3 billion home credit segment of the market has not changed materially since the Competition Commission concluded its review of the home credit market at the end of 2006, and the business model has a proven track record of fulfilling a valuable role in providing small-sum credit to households on low incomes through the economic cycle.

Administrative, Management and Supervisory Bodies

The principal activity of the Issuer is to act as the parent company to a group of companies engaged in the provision of simple financial products to the non-standard credit market in the UK and Republic of Ireland. The Issuer also provides certain management services, as well as loans to the companies within the Group.

The directors of the Issuer are as follows:

Name:	Position:	Principal outside activities
John Philip de Blocq van Kuffeler . . .	Chairman (Non-Executive)	Non-Executive Chairman of Hyperion Insurance Group Limited
Peter Stuart Crook	Chief Executive	None
Andrew Charles Fisher	Finance Director	None
Christopher Donald Gillespie	Managing Director - CCD	None
Robert William Anderson	Non-Executive Director	Chief Executive of Signet Jewelers Limited's UK division
Robert Eric Hough	Non-Executive Director	Non-Executive Director of Peel Holdings (Management) Limited and Chairman of the North West Development Agency
Manjit Wolstenholme	Non-Executive Director	Non-Executive Director of Capital & Regional plc

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

There are no potential conflicts of interests between any duties to the Issuer of the directors referred to above and their private interests and/or other duties.

Major Shareholders

The principal shareholders of the Issuer as at 1 October 2009, are as follows:

Artemis Investment Management Limited — with a shareholding of 5.00 per cent.

Invesco Limited — with a shareholding of 18.04 per cent.

Prudential plc — with a shareholding of 7.37 per cent.

Schroders plc — with a shareholding of 10.04 per cent.

Recent Developments

On 14 October 2009, Provident Financial Investments Limited, a subsidiary of the Issuer, launched a cash tender offer in which Provident Financial Investments Limited is inviting holders of up to the total outstanding amount of the Issuer's £100,000,000 7.125 per cent. Subordinated Step-up Bonds due 2015 (the **Subordinated Bonds**) to tender offers to sell their Subordinated Bonds to Provident Financial Investments Limited. On 21 October 2009 the Issuer announced that £94,021,000 of the Subordinated Bonds were accepted for purchase.

DESCRIPTION OF THE GUARANTORS

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

Introduction

Provident Financial Management Services Limited was incorporated as a private limited company in England and Wales on 18 June 1937 with registered number 328933. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 733321.

Provident Financial Management Services Limited is a wholly owned subsidiary of the Issuer. It is the direct intermediary holding company of Provident Personal Credit Limited and Greenwood Personal Credit Limited and provides various head office services and related activities to these companies.

Administrative, Management and Supervisory Bodies

The directors of Provident Financial Management Services Limited are as follows:

Name:	Position:
David Colin Craggs	Director
Peter Stuart Crook	Director
Michael Roger Elliott	Director
Andrew Charles Fisher	Director
Christopher Donald Gillespie	Director
Jonathan Richard Gillespie	Director
Richard John Hopwood	Director
Michael Ashley Palmer	Director
Stephen David Shaw	Director
Charles Ernest Fred Taylor	Director

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

M A Palmer, a director of the company, has a material interest in Smartstyle Technology Limited, from which Provident Financial Management Services Limited receives training services. The directors consider these transactions to be at an arm's length rate. The value of transactions during the year ended 31 December 2008 amounted to £61,121 (year ended 31 December 2007: £32,189). The balance outstanding in relation to these transactions at 31 December 2008 was £881 (31 December 2007: £294).

There are no other potential conflicts of interests between any duties to Provident Financial Management Services Limited of the directors referred to above and their private interests and/or other duties.

PROVIDENT PERSONAL CREDIT LIMITED

Introduction

Provident Personal Credit Limited was incorporated as a private limited company in England and Wales on 20 February 1917 with registered number 146091. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 733243.

Provident Personal Credit Limited is an indirectly wholly owned subsidiary of the Issuer. It is directly held by the intermediary holding company, Provident Financial Management Services Limited, and has no subsidiaries. Its principal activity is to provide home credit loans and unsecured direct repayment loans to customers in the UK and Republic of Ireland.

Administrative, Management and Supervisory Bodies

The directors of Provident Personal Credit Limited are as follows:

Name:	Position:
David Colin Craggs	Director
Michael Roger Elliott	Director
Christopher Donald Gillespie	Director
Jonathan Richard Gillespie	Director
Richard John Hopwood	Director
Michael Ashley Palmer	Director
Stephen David Shaw	Director
Charles Ernest Fred Taylor	Director

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

There are no potential conflicts of interests between any duties to Provident Personal Credit Limited of the directors referred to above and their private interests and/or other duties.

GREENWOOD PERSONAL CREDIT LIMITED

Introduction

Greenwood Personal Credit Limited was incorporated as a private limited company in England and Wales on 4 November 1912 with registered number 125150. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 304044.

Greenwood Personal Credit Limited is an indirect wholly owned subsidiary of the Issuer and has no subsidiaries. It is directly held by the intermediary holding company, Provident Financial Management Services Limited. Its principal activity is to provide unsecured home credit loans to customers in the UK.

Administrative, Management and Supervisory Bodies

The directors of Greenwood Personal Credit Limited are as follows:

Name:	Position:
David Colin Craggs	Director
Michael Roger Elliott	Director
Christopher Donald Gillespie	Director
Jonathan Richard Gillespie	Director
Richard John Hopwood	Director
Michael Ashley Palmer	Director
Stephen David Shaw	Director
Charles Ernest Fred Taylor	Director

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

There are no potential conflicts of interests between any duties to Greenwood Personal Credit Limited of the directors referred to above and their private interests and/or other duties.

PROVIDENT INVESTMENTS PLC

Introduction

Provident Investments plc was incorporated as a private limited company in England and Wales on 20 September 2002 with registered number 4541509. The company changed its name and was re-registered as a public limited company on 16 April 2003. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 731111.

Provident Investments plc is a wholly owned subsidiary of the Issuer and has no subsidiaries. Its principal business activity is to provide finance and loans to the Issuer and its subsidiary companies.

Administrative, Management and Supervisory Bodies

The directors of Provident Investments plc are as follows:

Name:	Position:
Andrew Charles Fisher	Director
Kenneth John Mullen	Director
Emma Gayle Versluys	Director

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

There are no potential conflicts of interests between any duties to Provident Investments plc of the directors referred to above and their private interests and/or other duties.

TAXATION

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

A. Interest on the Bonds

1. Payment of interest on the Bonds

Payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **Act**). The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds remain so listed, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Bonds may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Bonds is paid by the Issuer and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that Her Majesty's Revenue & Customs (**HMRC**) has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Bondholder, HMRC can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Bondholders may wish to note that, in certain circumstances, HMRC has the power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a another person who is an individual, or who either pays amounts payable on the redemption of Bonds to or receives such amounts for the benefit of another person who is an individual, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Bonds where such amounts are paid on or before 5 April 2010. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Bondholder is resident for tax purposes.

2. EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States, including Belgium from 1 January 2010, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

3. Further United Kingdom Income Tax Issues

Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

B. United Kingdom Corporation Tax Payers

4. In general, Bondholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. Other United Kingdom Tax Payers

5. Taxation of Chargeable Gains

The Bonds will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a Bond will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

6. Accrued Income Scheme

On a disposal of Bonds by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that Bondholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

7. No United Kingdom stamp duty or SDRT is payable on the issue of the Bonds or on a transfer by delivery of the Bonds.

SUBSCRIPTION AND SALE

Lloyds TSB Bank plc and The Royal Bank of Scotland plc (the **Joint Lead Managers**) and HSBC Bank plc and J.P. Morgan Securities Ltd. (the **Co-Managers** and together with the Joint Lead Managers, the **Managers**) have, pursuant to a subscription agreement (the **Subscription Agreement**) dated 21 October 2009, jointly and severally agreed to subscribe and pay for the Bonds at the issue price of 100 per cent. of the principal amount of Bonds, less an underwriting and arrangement fee of 0.7520 per cent. of the aggregate principal amount of the Bonds. The Issuer and Guarantors will also reimburse the Managers in respect of certain of their expenses, and have agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

General

No action has been taken by the Issuer, any of the Guarantors or either of the Managers that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Bonds or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

1. The issue of the Bonds was duly authorised by a resolution of the Board of Directors of the Issuer dated 11 September 2009 and an executive committee appointed by the Board of Directors on 13 October 2009 and the giving of the Guarantees was duly authorised by a resolution of each of the Boards of Directors of Provident Personal Credit Limited dated 13 October 2009, Greenwood Personal Credit Limited dated 13 October 2009, Provident Financial Management Services Limited dated 13 October 2009 and Provident Investments plc dated 13 October 2009.

Listing

2. It is expected that official listing will be granted on or about 23 October 2009 subject only to the issue of the Temporary Global Bond. Application has been made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for such Bonds to be admitted to trading on the London Stock Exchange's regulated market.

Clearing systems

3. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0459028626 and the Common Code is 045902862.

   The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brusssels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change

4. There has been no significant change in the financial or trading position of the Group since 30 June 2009 and there has been no material adverse change in the financial position or prospects of the Issuer or of the Guarantors since 31 December 2008. There has been no significant change in the financial or trading position of Provident Investments plc, Provident Personal Credit Limited, Greenwood Personal Credit Limited and Provident Financial Management Services Limited and its subsidiaries since 31 December 2008.

Litigation

5. Neither the Issuer, each of Provident Investments plc, Provident Personal Credit Limited, Greenwood Personal Credit Limited, Provident Financial Management Services Limited and its subsidiaries, nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, each of Provident Investments plc, Provident Personal Credit Limited, Greenwood Personal Credit Limited, Provident Financial Management Services Limited and its subsidiaries, or the Group.

Auditors

6. The auditors of the Issuer are PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors who have audited the Issuer's accounts, without qualification, in accordance with International Standards on Auditing (UK and Ireland) for each of the two financial years ended on 31 December 2007 and 2008.

   The auditors of the Guarantors are PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors who have audited each of the Guarantors' accounts, without qualification, in accordance with International Standards on Auditing (UK and Ireland) for each of the two financial years ended on 31 December 2007 and 2008.

U.S. tax

7. The Bonds and Coupons will contain the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Documents Available

8. For the period of 12 months following the date of this Offering Circular, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London:

   (a) the Memorandum and Articles of Association of the Issuer and the Memoranda and Articles of Association of each of the Guarantors;

   (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2007 and 2008 and the financial statements of each of the Guarantors in respect of the financial years ended 31 December 2007 and 2008, in each case together with the audit reports in connection therewith. The Issuer and the Guarantors each currently prepare audited accounts on an annual basis;

   (c) the unaudited interim financial statements of the Issuer for the period ended 30 June 2009, together with the review report prepared in connection therewith; and

   (d) the Trust Deed and the Agency Agreement.

Post-issuance information

9. The Issuer does not intend to provide any post-issuance information in relation to this issue of Bonds.

GUARANTORS UNCONSOLIDATED FINANCIAL STATEMENTS

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

(Company Number 328933)

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007.

1. Principal activities and review of business

The principal activities of the company are to provide management services and related activities to the UK and Republic of Ireland Consumer Credit Division of Provident Financial plc.

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.

The company is a wholly owned subsidiary of Provident Financial plc and a full review of the business, results and future prospects of the Consumer Credit Division is set out in the annual report of Provident Financial plc.

2. Results

The profit and loss account for the year is set out on page 6. The retained profit for the year of £30,008,000 (2006: sustained loss of £13,573,000) has been added to/(deducted from) reserves.

3. Principal risks and uncertainties

The directors of Provident Financial plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Provident Financial Management Services Limited's business. The principal risks and uncertainties of Provident Financial plc, which include those of the company, are discussed within the directors' report section of the group's annual report which does not form part of this report.

4. Dividends

On 21 December 2007 the company paid an interim ordinary dividend of £40,000,000 to its parent company, Provident Financial plc. It has come to the attention of the directors that the interim management accounts of the company ("the interim accounts") used to support and declare the interim dividend contained errors that resulted in an overstatement of the company's distributable reserves. In the absence of these errors, the company's distributable reserves would have been such that it could not have declared and paid the interim dividend of £40,000,000.

The directors have concluded that, given the errors in the interim accounts used to support and declare the dividend, these interim accounts did not pass the test in s270(4) of the Companies Act 1985 of being those accounts necessary to enable a reasonable judgment to be made as to the amounts of the items mentioned in subsection (2) [profits, losses, liabilities etc]. On that basis, the directors have concluded that the dividend paid by the company was unlawful.

As the company's parent company, Provident Financial plc had reviewed the interim accounts and was aware that the interim accounts were to be used to support the dividend payment, it could reasonably have been expected to realise that the dividend was unlawful. It was therefore concluded that the dividend payment was being held by Provident Financial plc for the account of the company, and should be returned to the company, together with accrued interest, to put both the company and Provident Financial plc back into the position they would have been in had the payment never been made.

The payment of £40,000,000 was repaid by Provident Financial plc to the company on 4 March 2008, and accrued interest of £505,000 was paid by Provident Financial plc to the company on 12 March 2008.

No further dividends have been paid in the year (2006: interim dividend £70,000,000, final dividend £nil).

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

5. Key performance indicators (KPIs)

The directors of Provident Financial plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Provident Financial Management Services Limited. The development, performance and position of the Consumer Credit Division of Provident Financial plc, which includes the company, is discussed within the directors' report section of the group's annual report which does not form part of this report.

6. Financial risk management

The company's operations expose it to a variety of financial risks which include credit risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the company. The policies and procedures in place to manage these risks are detailed within the directors' report section of the annual report of Provident Financial plc, which does not form part of this report.

7. Directors

The directors of the company during the year ended 31 December 2007, all of whom were directors for the whole year then ended, except where stated, were:

P S Crook		Chairman
C D Gillespie		(appointed 21/05/2007)
J van Kuffeler	(appointed 02/01/2007)	(resigned 02/08/2007)
D C Craggs		(appointed 29/10/2007)
A C Fisher		(appointed 02/08/2007)
C Graham		
P C Kettle		(resigned 25/09/2007)
M A Palmer		
S D Shaw		
D R Spiers		(resigned 01/11/2007)
L J Stillwell		(resigned 01/08/2007)
C E F Taylor		
P R Thrustle		(resigned 31/10/2007)

The following directors have been appointed to the board since 31 December 2007:

M R Elliott	(appointed 01/01/2008)
J R Gillespie	(appointed 01/01/2008)

8. 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 Provident Financial plc group's published annual results, team briefings, staff meetings, conferences and annual pensions newsletters. 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 six months service.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

9. Disabled persons

It is the company's policy to make no differentiation between the disabled and the able-bodied in recruitment, career development and promotion. 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.

10. Supplier policy statement

The company agrees the 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 creditor figure represents 12 days of purchases (2006: 10 days).

11. Auditor Information

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BY ORDER OF THE BOARD

C D Gillespie
Director
Bradford
20 March 2008

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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 2007 and that applicable accounting standards have been followed.

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 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

C D Gillespie
Director
Bradford
20 March 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

We have audited the financial statements of Provident Financial Management Services Limited for the year ended 31 December 2007 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
26 March 2008

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
TURNOVER AND GROSS PROFIT	2	61,354	69,805
Administrative expenses excluding exceptional items		(66,201)	(59,138)
Exceptional administrative expenses — pension contributions	2, 16	—	(16,333)
— impairment of fixed asset	2, 10	(1,439)	(14,143)
Total administrative expenses		(67,640)	(89,614)
OPERATING LOSS		(6,286)	(19,809)
Income from fixed asset investment	3	65,000	96,000
OPERATING PROFIT		58,714	76,191
Net interest payable and similar charges	4	(43,790)	(36,807)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	14,924	39,384
Tax credit on profit on ordinary activities	8	15,084	17,043
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		30,008	56,427
Dividends	9	—	(70,000)
RETAINED PROFIT/(SUSTAINED LOSS) FOR THE YEAR	18, 19	30,008	(13,573)

The results shown in the profit and loss account are derived 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 the historical cost equivalents.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	10	32,961	27,385
Investment in subsidiary undertakings	11	800,300	800,300
		833,261	827,685
CURRENT ASSETS			
Debtors	12	131,771	89,125
Cash at bank and in hand		1	11
		131,772	89,136
CREDITORS: amounts falling due within one year	13	(36,129)	(19,096)
NET CURRENT ASSETS		95,643	70,040
TOTAL ASSETS LESS CURRENT LIABILITIES		928,904	897,725
CREDITORS: amounts falling due after more than one year	14	(638,669)	(638,356)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(652)	—
NET ASSETS		289,583	259,369
CAPITAL AND RESERVES			
Called-up share capital	17	257,783	257,783
Profit and loss account	18	31,800	1,586
EQUITY SHAREHOLDERS' FUNDS	19	289,583	259,369

The financial statements on pages 6 to 22 were approved by the board of directors on 20 March 2008 and were signed on its behalf by:

C D Gillespie

Directors

J R Gillespie

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Principal accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. In accordance with Section 288 of the Companies Act 1985 consolidated accounts are not presented, since the company is a wholly owned subsidiary undertaking of Provident Financial plc, a company incorporated in the United Kingdom. A summary of the principal accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2007 which have been applied on a consistent basis, unless otherwise stated, are set out below.

(a) Turnover

Turnover, which excludes value added tax, consists of charges for the provision of management services and related activities to the Consumer Credit Division of Provident Financial plc and to other group companies.

(b) Cash flow statement

As permitted by Financial Reporting Standard (FRS) 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.

(c) 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 balances are not discounted.

(d) Pension scheme arrangements

The company participates in pension arrangements provided on a group basis. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of accounting under FRS17 'Retirement benefits'. Accordingly, contributions to the group defined benefit pension schemes are charged to the profit and loss account on an accruals basis.

Contributions to defined contribution schemes are charged to the profit and loss account on an accruals basis.

(e) 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
Equipment	10-33⅓	Straight line
Motor	25	Reducing balance
Commercial	25	Straight line

Software development expenditure relating to specific projects is capitalised and is depreciated over the useful life of the projects when the asset comes into use.

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

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

1. Principal accounting policies (continued)

(f) Operating leases

Operating leases are defined as leases in which a significant portion of the risks and rewards of ownership are retained by the lessor.

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

(g) Investments in subsidiary undertakings

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

(h) Dividends received

Dividends are recognised in the profit and loss account when the company's right to receive payment is established.

(i) Dividends paid

Dividends paid are recognised in the profit and loss account when they are no longer at the discretion of the company.

(j) Share-based payment

The company's ultimate parent company, Provident Financial plc, issues equity settled share-based payments to certain employees through, long term incentive schemes (LTIS), executive share option schemes (ESOS / SESO), a performance share plan (PSP) scheme and Save-As-You-Earn (SAYE) schemes.

The cost of providing share-based payments to employees is charged/credited to the profit and loss account of the employing company over the vesting period of the related share options or share allocations. The corresponding credit/charge is made to the profit and loss reserve.

The cost included in the profit and loss account for the ESOS/SESO, PSP and SAYE schemes is based on the fair value of the options and shares allocated, determined using a binominal option pricing model. The value of the charge is adjusted at each balance sheet date to reflect expected and actual levels of vesting.

The cost included in the profit and loss account for the LTIS scheme is based on the fair value of the shares awarded, determined using a Monte-Carlo option pricing model. As the probability of the options vesting is taken into account in the initial calculation of the fair value of the options, no adjustment is made to reflect expected and actual levels of vesting.

In accordance with the transitional provisions of FRS20 'Share-based payments' the company has elected to apply FRS20 to grants, options and other equity instruments granted after 7 November 2002 and not vested at 1 January 2006.

2. Turnover and profit on ordinary activities before taxation

The company has only one class of business, all of which is carried out within the UK.

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

	2007	2006
	£'000	£'000
Depreciation	3,783	4,620
Services provided by the company's auditor:		
Fees payable for the audit	51	39
Services relating to taxation	4	5
Allocation of costs from ultimate parent undertaking	68	44
Management charges from ultimate parent undertaking	2,920	4,416
Loss on sale of tangible fixed assets	60	52
Operating lease rentals:		
Land and Buildings	4,403	4,013
Exceptional expenses — impairment of fixed assets	1,439	14,143
— additional pension contributions	—	16,333
Licence fee income from Focus software	(565)	(14,257)
Share based payment charge/(credit) (note 7)	1,627	(71)

The exceptional impairment of fixed assets (note 10) in the year ended 31 December 2007 relates to the write down of central hardware that had been purchased for joint use of the UK and Republic of Ireland Consumer Credit Division and the international division of the Provident Financial plc group, that was no longer required for use by the international division. During the year ended 31 December 2006, one of the licensees of the focus software used by the international division requested a renegotiation of terms. This caused an acceleration of the focus licence fee income which in turn resulted in an impairment charge as there will be no further income from this source.

The exceptional expenses relating to additional pension contributions in the year ended 31 December 2006 were made to reduce the historic pension deficit (note 16).

3. Income from fixed asset investments

	2007	2006
	£'000	£'000
Dividends received from subsidiary undertakings	65,000	96,000

4. Net interest payable and similar charges

	2007	2006
	£'000	£'000
Interest payable on amounts due to parent undertaking	34,066	29,434
Interest payable on amounts due to subsidiary undertaking	13,218	11,318
Interest receivable on amounts due from parent undertaking	(3,494)	(3,945)
	43,790	36,807

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

5. Directors' emoluments

The directors' emoluments disclosed below exclude the emoluments of P S Crook, A C Fisher, C D Gillespie and J van Kuffeler, which are paid by the ultimate parent company, Provident Financial plc, and recharged to Provident Financial Management Services Limited as part of a management charge. This management charge, which in 2007 amounted to £2,920,000 (2006: £4,416,000), also includes a recharge of administration costs borne by the parent company on behalf of the company and it is not possible to identify separately the amount of P S Crook, A C Fisher, C D Gillespie and J van Kuffeler's emoluments. The emoluments of L J Stillwell are also excluded from the disclosures below as they are paid by Vanquis Bank plc and are not recharged to Provident Financial Management Services Limited.

	2007	2006
	£'000	£'000
Aggregate emoluments	3,317	1,349
Company contributions to money purchase pension schemes	21	26
	3,338	1,375

Retirement benefits accrue to 3 directors under a defined benefit scheme (2006: six).

Retirement benefits accrue to 2 directors under a money purchase scheme (2006: three).

4 directors are entitled to shares under the Provident Financial Performance Share Plan (2006: six)

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

	2007	2006
	£'000	£'000
Aggregate emoluments	779	215
Company contributions to money purchase pension schemes	—	12
Defined benefit pension scheme	91	—
	870	227
Defined benefit pension scheme:		
Accrued pension at end of year	38	—

The highest paid director is a member of Provident Financial plc's defined benefit pension scheme and during the year the company paid contributions of £90,723 (2006: £12,400).

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

6. Employee information

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

	2007 Number	2006 Number
Business Risk	76	72
Central Services	54	59
Contact Center	95	79
Court	38	37
Credit Risk	7	6
Directors	10	9
Field Operations & property	43	42
Finance	63	55
Human Resources	58	58
IT	131	116
Marketing & Communications	43	29
	618	562

(b) Employment costs — all employees including executive directors:

	2007 £'000	2006 £'000
Wages and salaries	18,835	16,806
Social security costs	1,897	1,659
Pension costs (note 16)	934	17,725
Share-based payments (note 7)	1,627	(71)
	23,293	36,119

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

7. Share-based payments

The Provident Financial plc group operates four share schemes: the Long-Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (the ESOS/SESO) and the Performance Share Plan (PSP). During 2007, awards/options have been granted under the LTIS and SAYE schemes (2006: awards/options granted under the SAYE and ESOS/SESO and PSP schemes). For the purposes of assessing the income statement charge under FRS 20, the options under the SAYE scheme are valued using a binomial option pricing model. The awards under the LTIS are valued using a Monte-Carlo option pricing model. The charge to the income statement during the year was £1,627,000 (2006: credit of £71,000). Of the charge in 2007, £1,222,000 relates to options granted under the SESO which were cancelled and cash compensation awarded to the holder.

	LTIS	SAYE	ESOS/SESO	SAYE	PSP
Grant date	11-Sep-07	17-Oct-07	07-Jun-06	21-Oct-06	15-Mar-06
Share price at grant date (£)	8.69	8.73	5.77	6.36	6.40
Exercise price (£)	—	7.16	5.77	4.91	—
Shares awarded under option (number)	123,526	126,884	336,420	125,899	17,222
Vesting period (years)	3	3, 5 and 7	3	3, 5 and 7	5
Expected volatility	27.8%	27.8%	25.0%	25.0%	n/a
Award/option life (years)	3	Up to 7	10	Up to 7	5
Expected life (years)	3	Up to 7	5	Up to 7	5
Risk free rate	4.92%	4.92%	4.50%	4.50%	n/a
Expected dividends expressed as a dividend yield	n/a	6.0%	6.0%	6.0%	n/a
Fair value per award/option (£)	5.21	1.91-1.96	0.91	1.41-1.45	6.40

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds.

A reconciliation of share award/option movements during the year is show below:

	LTIS		ESOS/SESO		SAYE		PSP	
2007	**Number**	**Weighted average exercise price £**	**Number**	**Weighted average exercise price £**	**Number**	**Weighted average exercise price £**	**Number**	**Weighted average exercise price £**
Outstanding at 1 January	—	—	985,605	6.28	533,593	4.84	23,186	—
Awarded/granted	123,526	—	—	—	126,884	7.16	—	—
Lapsed	—	—	(103,723)	6.56	(12,614)	5.43	(4,002)	—
Cancelled*	—	—	(365,715)	6.09	—	—	—	—
Share consolidation**			—	—	—	—	(2,164)	—
Exercised	—	—	(78,796)	6.70	(160,283)	4.96	—	—
Outstanding at 31 December	123,526	—	437,371	6.29	487,580	5.58	17,020	—
Exercisable at 31 December	—	—	120,531	7.67	28,987	6.84	—	—

* 365,715 options granted under the SESO were cancelled and cash compensation awarded to the option holder based on the group's average closing mid-market share price in the week commencing 16 July 2007.

** Following the one for two share consolidation on 16 July 2007, shares awarded under the PSP scheme were consolidated on the basis of one share for every two shares originally awarded.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

7. Share-based payments (continued)

Share awards outstanding under the LTIS scheme at 31 December 2007 had an exercise price of £nil (2006: £nil) and a weighted average remaining contractual life of 2.7 years (2006: nil years). Share options outstanding under the ESOS/SESO schemes at 31 December 2007 had a range of exercise prices of 522p to 985p (2006: 522p to 985p) and a weighted average remaining contractual life of 1.0 years (2006: 1.1 years). Share options outstanding under the SAYE schemes at 31 December 2007 had a range of exercise prices of 453p to 716p (2006: 453p to 712p) and a weighted average remaining contractual life of 2.7 years (2006: 2.5 years). Share awards outstanding under the PSP scheme at 31 December 2007 had an exercise price of £nil (2006: £nil) and a weighted average remaining contractual life of 2.1 years (2006: 3.3 years).

	LTIS		ESOS/SESO		SAYE		PSP	
2006	**Number**	**Weighted average exercise price £**	**Number**	**Weighted average exercise price £**	**Number**	**Weighted average exercise price £**	**Number**	**Weighted average exercise price £**
Outstanding at 1 January	—	—	684,185	6.49	582,989	4.92	13,844	—
Granted/awarded	—	—	336,420	5.77	125,899	4.91	17,222	—
Expired	—	—	—	—	(43,481)	5.99	—	—
Exercised	—	—	(35,000)	5.51	(131,814)	4.97	(7,880)	—
Outstanding at 31 December	—	—	985,605	6.28	533,593	4.84	23,186	—
Exercisable at 31 December	—	—	339,185	6.74	—	—	—	—

8. Tax credit on profit on ordinary activities

(a) Analysis of tax credit in the year

	2007	2006
	£'000	£'000
UK corporation tax at 30% (2006: 30%)		
Current year	16,969	15,627
Prior year	182	(230)
Total current tax credit (note 8(b))	17,151	15,397
Deferred tax		
Origination and reversal of timing differences (note 15(b))	(2,099)	1,646
Change in UK tax rate — impact on deferred tax liabilities	32	—
Total deferred tax	(2,067)	1,646
Total tax credit on profit on ordinary activities	15,084	17,043

(b) Factors affecting the tax credit for the period

A tax credit arises in respect of the profit for the period. The reasons for this are explained below:

	2007	2006
	£'000	£'000
Profit on ordinary activities before taxation	14,924	39,384
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	4,477	11,815
Effects of:		
Expenses not deductible for tax purposes	—	29
Income not taxable	(19,500)	(28,800)
(Capital allowances in excess of depreciation)/ depreciation in excess of capital allowances	(1,243)	2,970
Other timing differences	(703)	(1,641)
Adjustments in respect of prior years	(182)	230
Current tax credit for the year (note 8(a))	(17,151)	(15,397)

There are no factors that are expected to materially affect future tax charges.

Tax assessed in future periods is expected to be below the standard rate of corporation tax in the UK due to deductions for those pension contributions which have been deferred for tax purposes.

The standard rate of Corporation Tax in the UK is currently 30% and changes to 28% with effect from 1 April 2008.

9. Dividends

	2007	2006
	£'000	£'000
Dividends in respect of ordinary shares	—	70,000

The directors do not propose a final dividend in respect of the year ended 31 December 2007 (2006: £nil). The interim dividend paid in 2006 amounted to £0.27 pence per share.

On 21 December 2007 the company paid an interim ordinary dividend of £40,000,000 to its parent company, Provident Financial plc. It has come to the attention of the directors that the dividend was unlawful as the interim management accounts of the company ("the interim accounts") used to support and declare the dividend did not pass the test in s270(4) of the Companies Act 1985 of being those accounts necessary to enable a reasonable judgment to be made as to the amounts of the items mentioned in subsection (2) [profits, losses, liabilities etc].

It has also been concluded that as the company's parent company, Provident Financial plc, had reviewed the interim accounts and was aware that the interim accounts were to be used to support the dividend payment, and therefore could reasonably have been expected to realise that the dividend was unlawful, that the dividend payment was being held by Provident Financial plc for the account of the company, and should be returned to the company, together with accrued interest, to put both the company and Provident Financial plc back into the position they would have been in had the payment never been made.

As a result, the dividend payment has not been recognised in the profit and loss account of the company or of Provident Financial plc, and was repaid by Provident Financial plc to the company on 4 March 2008, along with accrued interest of £505,000 which was paid by Provident Financial plc to the company on 12 March 2008.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

10. Tangible fixed assets

	Equipment and vehicles
	£'000
Cost	
At 1 January 2007	58,711
Additions	11,172
Transfers from group undertakings (net)	117
Disposals	(956)
At 31 December 2007	69,044
Accumulated depreciation	
At 1 January 2007	31,326
Charge for the year	3,783
Transfer from group undertakings (net)	29
Impairment	1,439
Disposals	(494)
At 31 December 2007	36,083
Net book value at 31 December 2007	32,961
Net book value at 31 December 2006	27,385

Included within equipment and vehicles is £3,017,000 (2006: £10,069,000) of software and related equipment which is not being depreciated as it is still in development.

The impairment charge relates to the write down of central hardware that had been purchased for joint use of the UK and Republic of Ireland Consumer Credit Division and the international division of the Provident Financial plc group, that was no longer required for use by the international division.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

11. Investment in subsidiary undertakings

	2007 £'000	2006 £'000
Shares at cost	800,300	800,300

The subsidiary undertakings at 31 December 2007, all of which are incorporated and registered in England, are as follows:

Name of subsidiary	Nature of business	Class of share issued	Percentage of shares held
Provident Personal Credit Limited (operates within the UK and the Republic of Ireland)	Personal loans	Ordinary	100%
Greenwood Personal Credit Limited (operates within the UK)	Personal loans	Ordinary	100%
H. T. Greenwood Limited	Dormant	Ordinary	100%

In the opinion of the directors, the values of the company's investments in its subsidiary undertakings are not less than the amounts at which they are stated in the balance sheet.

12. Debtors

	2007 £'000	2006 £'000
Amounts owed by parent and other group undertakings	113,366	85,626
Other debtors	47	6
Prepayments	1,389	1,879
Group relief recoverable	16,969	—
Deferred taxation (note 15)	—	1,614
	131,771	89,125

Amounts owed by parent and other group undertakings are unsecured and have no fixed date of repayment. Interest is charged at LIBOR related rates.

13. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Bank loans and overdrafts	165	83
Trade creditors	2,546	2,584
Amounts owed to parent and other group undertakings	26,431	8,587
Other taxation and social security	991	1,419
Accruals	5,996	6,423
	36,129	19,096

Amounts owed to parent and other group undertakings are unsecured and have no fixed date of repayment. Interest is charged at LIBOR related rates.

14. Creditors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Amounts owed to parent undertaking	438,669	438,356
Amounts owed to other group undertakings	200,000	200,000
	638,669	638,356

Amounts owed to parent undertaking comprise a loan of £438m repayable on or after 23 December 2024. The loan carries interest at 6 month LIBOR plus 2%.

Amounts owed to other group undertakings comprise a loan of £200m repayable on or after 22 December 2010.

The loan carries interest at lender's cost of funds plus 0.05%.

Preference shares

	2007	2006
	£'000	£'000
Authorised		
6,280,000 9.75% preference shares of £100 each	628,000	628,000

As at 31 December 2007 and 31 December 2006 no preference shares have been issued.

15. Provisions for liabilities and charges

a) Deferred taxation provided for/(recognised in) in the accounts is as follows:

	2007	2006
	£'000	£'000
Accelerated capital allowances	1,310	165
Retirement benefit obligations	(403)	(1,009)
Other timing differences	(255)	(770)
	652	(1,614)

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

	£'000
Deferred tax asset at 1 January 2007	(1,614)
Transfer to profit and loss account reserve (note 18)	199
Charge to profit and loss account	2,067
Deferred tax liability at 31 December 2007	652

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

During the year, as a result of the change in UK Corporation tax rates which will be effective from 1 April 2008, deferred tax balances have been remeasured. Deferred tax relating to timing differences which are expected to reverse prior to 1 April 2008 is measured at a tax rate of 30% and the deferred tax relating to timing differences expected to reverse after 1 April 2008 is measured at a tax rate of 28% as these are the tax rates that will apply on reversal. This has resulted in a net credit to the profit and loss account of £32,000.

A deferred tax asset of £199,000 has been transferred to the profit and loss account reserve in respect of lapsed share options/awards.

16. 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. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of meeting the disclosure requirements of FRS17 'Retirement benefits'. The detailed disclosures required by FRS17 have been included within the financial statements of the ultimate parent company, Provident Financial plc.

Independent qualified actuaries undertake regular valuations of the group's schemes. The valuations performed as at 1 June 2006 showed the actuarial value of the assets were sufficient to cover 100% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The defined benefit pension costs of the company for the year were £681,000 (2006: £17,549,000) representing contributions made to the group schemes. Of these costs £nil (2006: £16,633,000) represent exceptional pension contributions made to reduce the historical pension deficit. The group pension scheme has a surplus of £61,500,000 at 31 December 2007 (2006: surplus of £8,900,000), as calculated on an IAS19 basis.

The company expects to make £1,101,000 of regular contributions into the defined benefit scheme during 2008.

The two defined benefit schemes were closed to new members from 1 January 2003. For new employees joining the group after 1 January 2003, a stakeholder pension plan was introduced into which members contribute 6% of pensionable earnings and the company contributes 8%. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the profit and loss account includes contributions payable by the company to the fund and amounted to £253,000 for the year ended 31 December 2007 (2006: £176,000).

17. Called-up share capital

	2007	**2006**
	£'000	**£'000**
Authorised		
272,000,000 ordinary shares (2006: 272,000,000) of £1 each	272,000	272,000
Issued, called-up and fully paid		
257,782,905 ordinary shares (2006: 257,782,905) of £1 each	257,783	257,783

18. Profit and loss account reserve

	£'000
At 1 January 2007	1,586
Retained profit for the year	30,008
Adjustment in respect of share-based payment	1,627
Cash settlement in respect of share-based payment	(1,222)
Deferred tax on share-based payment	(199)
At 31 December 2007	31,800

The share-based payment charge in the year includes £1,222,000 in respect of executive share options which were cancelled and settled in the form of cash compensation. As net assets have reduced by £1,222,000 following the outflow of cash, a corresponding credit of £1,222,000 has been made to the profit and loss reserve.

19. Reconciliation of movement in equity shareholders' funds

	2007 £'000	2006 £'000
Profit for the financial year	30,008	56,427
Dividends	—	(70,000)
Retained profit/(sustained loss) for the year	30,008	(13,573)
Adjustment in respect of share-based payment	1,627	(71)
Cash settlement in respect of share based payment	(1,222)	—
Deferred tax on share-based payment	(199)	—
Net addition to/(deduction from) equity shareholders' funds	30,214	(13,644)
Equity shareholders' funds at 1 January	259,369	273,013
Equity shareholders' funds at 31 December	289,583	259,369

20. Financial commitments

At 31 December 2007, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2007 £'000	2006 £'000
Leases expiring:		
Within one year	1,985	1,310
Within two to five years	1,869	2,358
After five years	749	908
	4,603	4,576

21. Capital commitments

	2007	2006
	£'000	£'000
Contracted with third parties but not provided for	1,275	564

22. Related party disclosures

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

M A Palmer, a director of the company, has a material interest in Smartstyle Technology Limited, from which the company has received training during the year. The directors consider these transactions to be at an arm's length rate. The value of transactions during the year amounted to £32,189 (2006: £51,353). The balance outstanding at 31 December 2007 was £294 (2006: £294).

C Graham, a director of the company, purchased a vehicle from the company during the year. The directors consider the transaction to be at an arm's length rate. The value of the transaction during the year amounted to £8,875 (2006: £nil). The balance outstanding at 31 December 2007 was £nil (2006: £nil). The net book value of the vehicle on the date of the transaction was £8,570 resulting in a profit on sale for the company of £305.

23. Contingent liabilities

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 £1,200,000,000 (2006: £1,591,900,000). At 31 December 2007 the borrowings amounted to £634,000,000 (2006: £1,021,000,000). No loss is expected to arise.

24. Parent undertaking and controlling party

The immediate and 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.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

(Company Number 328933)

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

1. Principal activities and review of business

The principal activities of the company are to provide management services and related activities to the Consumer Credit Division of Provident Financial plc.

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.

The company is a wholly owned subsidiary of Provident Financial plc and forms part of the Consumer Credit Division of that company. A full review of the business, results and future prospects of the Consumer Credit Division is set out in the annual report of Provident Financial plc.

2. Results

The profit and loss account for the year is set out on page 5. The retained profit for the year of £23,640,000 (2007: £30,008,000) has been added to reserves.

3. Dividends

During the year ended 31 December 2008, the directors paid an interim dividend on the ordinary shares of £40,000,000 (2007: £nil), which has been deducted from reserves.

No further dividends have been paid in the year (2007: £nil).

4. Principal risks and uncertainties

The company participates in the group-wide risk management framework of Provident Financial plc. Details of the group's risk management framework together with the group's principal risks and uncertainties are set out in the annual report of Provident Financial plc.

5. Key performance indicators (KPIs)

Provident Financial plc's operations are managed on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the statutory company is not necessary or appropriate for an understanding of the development, performance or position of the Provident Personal Credit business. The development, performance and position of the Consumer Credit Division of Provident Financial plc, which includes the company, is set out in the annual report of Provident Financial plc.

6. Financial risk management

The company participates in the group-wide risk management framework of Provident Financial plc, which incorporates financial risk management. Details of the group's risk management framework, together with the group's principal risks and uncertainties, are set out in the annual report of Provident Financial plc.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7. Directors

The directors of the company during the year ended 31 December 2008, all of whom were directors for the whole year then ended, except where stated, were:

P S Crook	Chairman
D C Craggs	
M R Elliott	(appointed 1 January 2008)
A C Fisher	
C D Gillespie	
J R Gillespie	(appointed 1 January 2008)
C Graham	(resigned 28 February 2009)
M A Palmer	
S D Shaw	
C E F Taylor	

8. 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 Provident Financial plc group's published annual results, team briefings, staff meetings, conferences and annual pensions newsletters. 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 six months' service.

9. Disabled persons

It is the company's policy to make no differentiation between the disabled and the able-bodied in recruitment, career development and promotion. 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.

10. Supplier policy statement

The company agrees the 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 creditor figure represents 6 days of purchases (2007: 12 days).

11. Auditor information

At the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234 ZA of the Companies Act 1985.

12. Auditors

PricewaterhouseCoopers LLP will continue as auditors to the company for the next financial year.

BY ORDER OF THE BOARD

E Versluys
Company Secretary
Bradford
31 March 2009

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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 2008 and that applicable accounting standards have been followed.

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 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

E Versluys
Company Secretary
Bradford
31 March 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

We have audited the financial statements of Provident Financial Management Services Limited for the year ended 31 December 2008 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
31 March 2009

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
TURNOVER AND GROSS PROFIT	2	84,918	61,354
Administrative expenses excluding exceptional items		(76,875)	(66,201)
Exceptional administrative expenses — impairment of fixed asset	2	—	(1,439)
Total administrative expenses		(76,875)	(67,640)
Income from fixed asset investment	3	50,000	65,000
OPERATING PROFIT		58,043	58,714
Net interest payable and similar charges	4	(44,883)	(43,790)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	13,160	14,924
Tax credit on profit on ordinary activities	8	10,480	15,084
RETAINED PROFIT FOR THE YEAR	19,20	23,640	30,008

The results shown in the profit and loss account are derived 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 FINANCIAL MANAGEMENT SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	10	36,640	32,961
Investment in subsidiary undertakings	11	800,300	800,300
		836,940	833,261
CURRENT ASSETS			
Debtors	12	95,938	131,771
Cash at bank and in hand		18	1
		95,956	131,772
CREDITORS: amounts falling due within one year	13	(19,294)	(36,129)
NET CURRENT ASSETS		76,662	95,643
TOTAL ASSETS LESS CURRENT LIABILITIES		913,602	928,904
CREDITORS: amounts falling due after more than one year	14	(638,452)	(638,669)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(1,068)	(652)
NET ASSETS		274,082	289,583
CAPITAL AND RESERVES			
Called-up share capital	18	257,783	257,783
Profit and loss account	19	16,299	31,800
EQUITY SHAREHOLDERS' FUNDS	20	274,082	289,583

The financial statements on pages 5 to 19 were approved by the board of directors on 31 March 2009 and were signed on its behalf by:

C D Gillespie

Directors

J R Gillespie

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Principal accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. In accordance with Section 288 of the Companies Act 1985 consolidated accounts are not presented, since the company is a wholly owned subsidiary undertaking of Provident Financial plc, a company incorporated in the United Kingdom. A summary of the principal accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2008 which have been applied on a consistent basis, unless otherwise stated, are set out below.

(a) Turnover

Turnover, which excludes value added tax, consists of charges for the provision of management services and related activities to the Consumer Credit Division of Provident Financial plc.

(b) Cash flow statement

As permitted by FRS 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.

(c) 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 balances are not discounted.

(d) Pension scheme arrangements

The company participates in pension arrangements provided on a group basis. The company is unable to identify its share of the underlying assets and liabilities of the Provident Financial plc group defined benefit pension scheme for the purposes of accounting under FRS 17 'Retirement benefits'. Accordingly, contributions to the group scheme are charged to the profit and loss account on an accruals basis.

Contributions to defined contribution schemes are charged to the profit and loss account on an accruals basis.

(e) 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
Equipment including computers	10-33⅓	Straight-line
Motor vehicles	25	Reducing balance
Commercial vehicles	25	Straight-line

Software development expenditure relating to specific projects is capitalised and is depreciated over the useful life of the projects when the asset comes into use.

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

1. Principal accounting policies (continued)

(f) Operating leases

Operating leases are defined as leases in which a significant portion of the risks and rewards of ownership are retained by the lessor.

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

(g) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provisions for impairments.

(h) Dividends received

Dividends are recognised in the financial statements when the company's right to receive payment is established.

(i) Dividends paid

Dividends paid are recognised in the financial statements when they are no longer at the discretion of the company.

(j) Share-based payment

The company's ultimate parent company, Provident Financial plc, grants options under senior executive share schemes (ESOS/SESO) and employee savings-related option schemes (typically referred to as Save As You Earn schemes (SAYE)) and makes awards under the Performance Share Plan (PSP) and the Long-Term Incentive Scheme (LTIS).

The cost of providing options and awards to employees is charged to the profit and loss account of the employing company over the vesting period of the related options and awards. The corresponding credit is made to the profit and loss reserve within equity.

The cost of options and awards is based on fair value. For the ESOS/SESO, PSP and SAYE schemes, fair value is determined using a binominal option pricing model. The value of the charge is adjusted at each balance sheet date to reflect expected and actual levels of vesting, with a corresponding adjustment to the profit and loss reserve within equity.

For the LTIS, fair value is determined using a Monte-Carlo option pricing model. The value of the charge is adjusted at each balance sheet date to reflect lapses. As the probability of the awards vesting is taken into account in the initial calculation of the fair value of the awards, no adjustment is made to reflect expected and actual levels of vesting.

In accordance with the transitional provisions of FRS 20 'Share-based payment' the company has elected to apply FRS 20 to grants, options and other equity instruments granted after 7 November 2002 and not vested at 1 January 2005.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

2. Turnover and profit on ordinary activities before taxation

The company has one class of business, all of which is carried out within the UK.

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

	2008	2007
	£'000	£'000
Depreciation (note 10)	6,517	3,783
Services provided by the company's auditor:		
Fees payable for the audit	42	51
Services relating to taxation	8	4
Costs recharged by ultimate parent undertaking	270	68
Management charges from ultimate parent undertaking	4,432	2,920
Loss on sale of tangible fixed assets	61	60
Operating lease rentals:		
Land and buildings	4,305	4,403
Exceptional expenses — impairment of fixed assets	—	1,439
Licence fee income from Focus software	(4,334)	(565)
Share-based payment charge (note 7)	859	1,627

The exceptional impairment of fixed assets charged in the year ended 31 December 2007 related to the write-down of central hardware that had been purchased for the joint use of the Consumer Credit Division and the international business of the Provident Financial plc group, that was no longer required for use by the international business following its demerger from the Provident Financial group.

3. Income from fixed asset investments

	2008	2007
	£'000	£'000
Dividends received from subsidiary undertakings	50,000	65,000

4. Net interest payable and similar charges

	2008	2007
	£'000	£'000
Interest payable on amounts due to parent undertaking	35,215	34,066
Interest payable on amounts due to subsidiary undertaking	13,772	13,218
Interest receivable on amounts due from parent undertaking	(4,104)	(3,494)
	44,883	43,790

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

5. Directors' emoluments

The directors' emoluments disclosed below exclude the emoluments of P S Crook, A C Fisher and C D Gillespie, which are paid by the ultimate parent company, Provident Financial plc, and recharged to Provident Financial Management Services Limited as part of a management charge. This management charge, which in 2008 amounted to £4,432,000 (2007: £2,920,000), also includes a recharge of administration costs borne by the parent company on behalf of the company and it is not possible to identify separately the amount of P S Crook, A C Fisher and C D Gillespie's emoluments.

	2008 £'000	2007 £'000
Aggregate emoluments	1,501	3,317
Company contributions to money purchase pension schemes	13	21
	1,514	3,338

Retirement benefits accrue to five directors under a defined benefit scheme (2007: three).

Retirement benefits accrue to one director under a money purchase scheme (2007: two).

Seven directors are entitled to shares under the Provident Financial Performance Share Plan (2007: four).

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

	2008 £'000	2007 £'000
Aggregate emoluments	255	779
Company contributions to money purchase pension schemes	13	—
Defined benefit pension scheme	—	91
	268	870
Defined benefit pension scheme:		
Accrued pension at end of year	—	38

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

6. Employee information

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

	2008 Number	2007 Number
Business Risk	76	72
Central Services	55	54
Commercial	8	16
Contact Centre	110	98
Court	51	38
Directors	11	10
Field Operations & Property	45	41
Finance	63	64
Human Resources	65	58
IT	140	133
Marketing & Communications	42	34
	666	618

(b) Employment costs — all employees including executive directors:

	2008 £'000	2007 £'000
Wages and salaries	22,131	18,835
Social security costs	2,202	1,897
Pension costs (note 17)	1,542	934
Share-based payment charge (note 7)	859	1,627
	26,734	23,293

7. Share-based payments

The Provident Financial plc group operates four share schemes: the Long-Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (the ESOS/SESO) and the Performance Share Plan (PSP). During 2008, awards/options have been granted under the LTIS, SAYE and PSP schemes (2007: awards/options granted under the LTIS and SAYE schemes). For the purposes of assessing the profit and loss account charge under FRS 20, the options/awards under the SAYE and PSP schemes are valued using a binomial option pricing model. The awards under the LTIS are valued using a Monte-Carlo option pricing model. The charge to the profit and loss account during the year was £859,000 (2007: £1,627,000). Of the charge in 2007, £1,221,000 related to shares granted under the SESO which were cancelled and cash compensation awarded to the holder.

	2008			2007	
	LTIS	PSP	SAYE	LTIS	SAYE
Grant date	5-Mar-08	5-Mar-08	27-Aug-08	11-Sep-07	17-Oct-07
Share price at grant date (£)	8.04	8.04	8.94	8.69	8.73
Exercise price (£)	—	—	7.04	—	7.16
Shares under option	153,633	51,162	107,241	123,526	126,884
Vesting period (years)	3	3	3, 5 and 7	3	3, 5 and 7
Expected volatility	31.6%	31.6%	30.6% - 34.6%	27.8%	27.8%
Option life (years)	3	3	Up to 7	3	Up to 7
Expected life (years)	3	3	Up to 7	3	Up to 7
Risk free rate	4.00%	4.00%	4.4% to 4.6%	4.92%	4.92%
Expected dividends expressed as a dividend yield	n/a	n/a	7.6%	n/a	6.0%
Fair value per option (£)	4.42	8.04	1.68 to 2.09	5.21	1.91-1.96

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds.

A reconciliation of share option movements during the year is show below:

	LTIS		ESOS/SESO		SAYE		PSP	
		Weighted average exercise price		Weighted average exercise price		Weighted average exercise price		Weighted average exercise price
2008	Number	£	Number	£	Number	£	Number	£
Outstanding at 1 January	123,526	—	437,371	6.29	487,580	5.58	9,592	—
Granted	153,633	—	—	—	107,241	7.04	51,162	—
Lapsed	(9,600)	—	(42,276)	6.70	(12,498)	6.20	—	—
Exercised	—	—	(10,000)	7.99	(103,752)	5.04	—	—
Outstanding at 31 December	267,559	—	385,095	6.20	478,571	5.90	60,754	—
Exercisable at 31 December	—	—	96,025	7.51	102,553	4.73	—	—

Share options outstanding under the LTIS scheme at 31 December 2008 had an exercise price of £nil (2007: £nil) and a weighted average remaining contractual life of 2.0 years (2007: 2.7 years). Share options outstanding under the ESOS/SESO schemes at 31 December 2008 had a range of exercise prices of 522p to 979p (2007: 522p to 985p) and a weighted average remaining contractual life of 0.4 years (2007: 1.0 year). Share options outstanding under the SAYE schemes at 31 December 2008 had a range of exercise prices of 453p to 716p (2007: 453p to 716p) and a weighted average remaining contractual life of 2.6 years (2007: 2.7 years). Share options outstanding under the PSP scheme at 31 December 2008 all had an exercise price of £nil (2007: £nil) and a weighted average remaining contractual life of 1.9 years (2007: 1.4 years).

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7. Share-based payments (continued)

	LTIS		ESOS/SESO		SAYE		PSP	
		Weighted average exercise price		Weighted average exercise price		Weighted average exercise price		Weighted average exercise price
2007	Number	£	Number	£	Number	£	Number	£
Outstanding at 1 January	—	—	985,605	6.28	533,593	4.84	23,186	—
Granted	123,526	—	—	—	126,884	7.16	—	—
Lapsed	—	—	(103,723)	6.56	(12,614)	5.43	(4,002)	—
Cancelled*	—	—	(365,715)	6.09	—	—	—	—
Share consolidation**	—	—	—	—	—	—	(9,592)	—
Exercised	—	—	(78,796)	6.70	(160,283)	4.96	—	—
Outstanding at 31 December	123,526	—	437,371	6.29	487,580	5.58	9,592	—
Exercisable at 31 December	—	—	120,531	7.67	28,987	6.84	—	—

* During 2007, 365,715 shares granted under the SESO were cancelled and cash compensation awarded to the option holder.

** Following the one for two share consolidation on 16 July 2007, shares awarded under the PSP scheme were consolidated on the basis of one share for every two shares originally award.

No options were granted to the company in respect of the ESOS/SESO schemes.

8. Tax credit on profit on ordinary activities

(a) Analysis of tax credit in the year

	2008 £'000	2007 £'000
UK corporation tax at 28.5% (2007: 30.0%)		
Current year	10,887	16,969
Prior year	9	182
Total current tax credit (note 8(b))	10,896	17,151
Deferred tax		
Origination and reversal of timing differences (note 16(b))	(416)	(2,099)
Change in UK tax rate — impact on deferred tax liabilities	—	32
Total deferred tax charge	(416)	(2,067)
Total tax credit on profit on ordinary activities	10,480	15,084

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

8. Tax credit on profit on ordinary activities (continued)

(b) Factors affecting the tax credit for the period

A tax credit arises in respect of the profit for the period. The reasons for this are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	13,160	14,924
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 28.5% (2007: 30.0%)	3,751	4,477
Effects of:		
Expenses not deductible for tax purposes	35	—
Income not taxable	(14,250)	(19,500)
Capital allowances in excess of depreciation	(398)	(1,243)
Other timing differences	(25)	(703)
Adjustments in respect of prior years	(9)	(182)
Current tax credit for the year (note 8(a))	(10,896)	(17,151)

9. Dividends

	2008 £'000	2007 £'000
Dividends in respect of ordinary shares:		
Interim dividend paid of £0.16 per share (2007: £nil)	40,000	—

The directors do not propose a final dividend in respect of the year ended 31 December 2008 (2007: £nil).

10. Tangible fixed assets

	Equipment and vehicles
	£'000
Cost	
At 1 January 2008	69,044
Additions	10,505
Transfers to group undertakings	(30)
Disposals	(564)
At 31 December 2008	78,955
Accumulated depreciation	
At 1 January 2008	36,083
Charge for the year	6,517
Transfer to group undertakings	(11)
Disposals	(274)
At 31 December 2008	42,315
Net book value at 31 December 2008	36,640
Net book value at 31 December 2007	32,961

Included within the cost of equipment and vehicles is £7,022,000 (2007: £3,017,000) of software and related equipment which is not being depreciated as it is still in development.

11. Investment in subsidiary undertakings

	2008	2007
	£'000	£'000
Shares at cost	800,300	800,300

The principal subsidiary undertakings at 31 December 2008, both of which are incorporated and registered in England, are as follows:

Name of subsidiary	Nature of business	Class of share issued	Percentage of shares held
Provident Personal Credit Limited (operates within the UK and the Republic of Ireland)	Personal loans	Ordinary	100%
Greenwood Personal Credit Limited (operates within the UK)	Personal loans	Ordinary	100%

In the opinion of the directors, the values of the company's investments in its subsidiary undertakings are not less than the amounts at which they are stated in the balance sheet.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

12. Debtors

	2008 £'000	2007 £'000
Amounts owed by parent and other group undertakings	82,818	113,366
Other debtors	—	47
Prepayments	2,345	1,389
Corporation tax recoverable	10,775	16,969
	95,938	131,771

Amounts owed by parent and other group undertakings are unsecured and have no fixed date of repayment. Interest is charged at rates linked to LIBOR.

13. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank loans and overdrafts	18	165
Trade creditors	1,784	2,546
Amounts owed to parent and other group undertakings	8,510	26,431
Other taxation and social security	857	991
Accruals	8,125	5,996
	19,294	36,129

Amounts owed to parent and other group undertakings are unsecured and have no fixed date of repayment. Interest is charged at rates linked to LIBOR.

14. Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts owed to parent undertaking	438,452	438,669
Amounts owed to subsidiary undertaking	200,000	200,000
	638,452	638,669

The amount owed to the parent undertaking is repayable on 23 December 2024. The loan carries interest at 6 month LIBOR plus 2%.

The amount owed to subsidiary undertaking is repayable on 22 December 2010. The loan carries interest at lender's cost of funds plus 0.05%.

15. Preference shares

	2008 £'000	2007 £'000
Authorised		
6,280,000 9.75% preference shares of £100 each	628,000	628,000

No preference shares have been issued to date.

16. Provisions for liabilities and charges

(a) Deferred tax provided for/(recognised in) in the accounts is as follows:

	2008	2007
	£'000	£'000
Accelerated capital allowances	1,701	1,310
Retirement benefit obligations	—	(403)
Other timing differences	(633)	(255)
	1,068	652

(b) The movement in deferred tax during the year is as follows:

	£'000
Deferred tax liability at 1 January 2008	652
Charge to profit and loss account	416
Deferred tax liability at 31 December 2008	1,068

17. Pension schemes

The Provident Financial plc group has historically operated two major defined benefit schemes; the Provident Financial Senior Pension Scheme ('the senior scheme') and the Provident Financial Staff Pension Scheme ('the staff pension scheme'). On 1 September 2008, the senior pension scheme was merged into the staff pension scheme, and the group now operates one major defined benefit scheme; the staff pension scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of meeting the disclosure requirements of FRS 17 'Retirement benefits'. The detailed disclosures required by FRS 17 have been included within the financial statements of the ultimate parent company, Provident Financial plc.

Independent qualified actuaries undertake regular valuations of the group's scheme. The valuation performed as at 1 June 2006 showed the actuarial value of the assets were sufficient to cover 100% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The defined benefit pension costs of the company for the year were £1,165,000 (2007: £681,000) representing contributions made to the group schemes. The group pension scheme has a surplus of £50,900,000 at 31 December 2008 (2007: surplus of £61,500,000), as calculated on an IAS 19 basis.

The company expects to make £1,886,000 of regular contributions to the defined benefit scheme during 2009.

The defined benefit scheme was closed to new members from 1 January 2003. For new employees joining the group after 1 January 2003, a stakeholder pension plan was introduced into which members contribute between 3% and 8% of pensionable earnings and the company contributes between 5% and 10%. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the profit and loss account includes contributions payable by the company to the fund and amounted to £377,000 for the year ended 31 December 2008 (2007: £253,000).

18. Called-up share capital

	2008	2007
	£'000	£'000
Authorised		
272,000,000 ordinary shares (2007: 272,000,000) of £1 each	272,000	272,000
Issued, called-up and fully paid		
257,782,905 ordinary shares (2007: 257,782,905) of £1 each	257,783	257,783

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

19. Profit and loss account reserve

	£'000
At 1 January 2008	31,800
Profit for the year	23,640
Dividends paid (note 9)	(40,000)
Share-based payment charge	859
At 31 December 2008	16,299

20. Reconciliation of movement in equity shareholders' funds

	2008 £'000	2007 £'000
Profit for the year	23,640	30,008
Dividends paid	(40,000)	—
(Sustained loss)/retained profit for the year	(16,360)	30,008
Share-based payment charge	859	1,627
Cash settlement in respect of share-based payment	—	(1,222)
Deferred tax on share-based payment	—	(199)
Net (reduction in)/addition to equity shareholders' funds	(15,501)	30,214
Equity shareholders' funds at 1 January	289,583	259,369
Equity shareholders' funds at 31 December	274,082	289,583

21. Financial commitments

At 31 December 2008, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2008 £'000	2007 £'000
Leases expiring:		
Within one year	2,002	1,985
Within two to five years	3,050	1,869
After five years	115	749
	5,167	4,603

22. Capital commitments

	2008 £'000	2007 £'000
Contracted with third parties but not provided for	312	1,275

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

23. Related party disclosures

As a wholly owned subsidiary undertaking, 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 financial statements of Provident Financial plc.

M A Palmer, a director of the company, has a material interest in Smartstyle Technology Limited, from which the company has received training during the year. The directors consider these transactions to be at an arm's length rate. The value of transactions during the year amounted to £61,121 (2007: £32,189). The balance outstanding at 31 December 2008 was £881 (2007: £294).

24. Contingent liabilities

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 £1,102,500,000 (2007: £1,200,000,000). At 31 December, the borrowings amounted to £828,500,000 (2007: £634,000,000). No loss is expected to arise.

25. Parent undertaking and controlling party

The immediate and 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.

PROVIDENT PERSONAL CREDIT LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

(Company Number 146091)

PROVIDENT PERSONAL CREDIT LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

PROVIDENT PERSONAL CREDIT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007.

1. Principal activities and review of business

The principal activities of the company are to provide, to householders and their families in the UK and Republic of Ireland, loans and specialised documentary credit facilities.

Both the level of business and the year end financial position were satisfactory and the directors expect that the current trends experienced by the business will continue for the foreseeable future.

The company is a wholly owned subsidiary of Provident Financial plc and forms part of the Consumer Credit Division of that company. A full review of the business, results and future prospects of the Consumer Credit Division is set out in the annual report of Provident Financial plc.

2. Results

The profit and loss account for the year is set out on page 6. The retained profit for the year of £10,186,000 (2006: sustained loss of £42,156,000) has been added to/(deducted from) reserves.

3. Dividends

During the year ended 31 December 2007 the directors paid an interim dividend on the ordinary shares of £65,000,000 (2006: £89,000,000). No further dividends have been paid in the year (2006: £nil).

The directors have declared and paid the 5.165% dividend on the preference shares issued in 2002 of £9,130 (2006: £9,130) and the 5.84% dividend on the preference shares issued in 2004 of £7,313 (2006: £7,313).

4. Principal risks and uncertainties

The directors of Provident Financial plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Provident Personal Credit Limited's business. The principal risks and uncertainties of Provident Financial plc, which include those of the company, are discussed within the directors' report section of the group's annual report which does not form part of this report.

5. Key performance indicators (KPIs)

The directors of Provident Financial plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Provident Personal Credit Limited. The development, performance and position of the Consumer Credit Division of Provident Financial plc, which includes the company, is discussed within the directors' report section of the group's annual report which does not form part of this report.

6. Financial risk management

The company's operations expose it to a variety of financial risks which include credit risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the company. The policies and procedures in place to manage these risks are detailed within the directors' report section of the annual report of Provident Financial plc, which does not form part of this report.

PROVIDENT PERSONAL CREDIT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

7. Directors

The directors of the company during the year ended 31 December 2007, all of whom were directors for the whole year then ended, except where stated, were:

C D Gillespie	Chairman	(appointed 21/05/2007)
D C Craggs		(appointed 29/10/2007)
P S Crook		(resigned 02/08/2007)
C Graham		
P C Kettle		(resigned 25/09/2007)
M A Palmer		
S D Shaw		
D R Spiers		(resigned 01/11/2007)
L J Stillwell		(resigned 01/08/2007
C E F Taylor		
P R Thrustle		(resigned 31/10/2007)

The following directors have been appointed to the board since 31 December 2007:

M R Elliott	(appointed 01/01/2008)
J R Gillespie	(appointed 01/01/2008)

8. 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 Provident Financial plc group's published annual results, team briefings, staff meetings, conferences and annual pensions newsletters. 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 six months service.

9. Disabled persons

It is the company's policy to make no differentiation between the disabled and the able-bodied in recruitment, career development and promotion. 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.

10. Supplier policy statement

The company agrees the 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 creditor figure represents 17 days of purchases (2006: 19 days).

PROVIDENT PERSONAL CREDIT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

11. Auditor Information

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BY ORDER OF THE BOARD

C D Gillespie
Director
Bradford
20 March 2008

PROVIDENT PERSONAL CREDIT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

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 2007 and that applicable accounting standards have been followed.

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 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

C D Gillespie
Director
Bradford
20 March 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PROVIDENT PERSONAL CREDIT LIMITED

We have audited the financial statements of Provident Personal Credit Limited for the year ended 31 December 2007 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
26 March 2008

PROVIDENT PERSONAL CREDIT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007	2006
		£'000	£'000
TURNOVER	2	460,803	439,825
Cost of sales		(203,078)	(191,669)
GROSS PROFIT		257,725	248,156
Administrative expenses excluding exceptional items		(115,839)	(110,569)
Exceptional administrative expenses — pension contributions	2, 15	—	(46,368)
Total administrative expenses		(115,839)	(156,937)
OPERATING PROFIT		141,886	91,219
Net interest payable and similar charges	4	(34,393)	(24,302)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	107,493	66,917
Tax on profit on ordinary activities	7	(32,307)	(20,073)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		75,186	46,844
Dividends	8	(65,000)	(89,000)
RETAINED PROFIT/(SUSTAINED LOSS) FOR THE YEAR	18, 19	10,186	(42,156)

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

There is no difference between the profit for the year stated above and the historical cost equivalents.

PROVIDENT PERSONAL CREDIT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	9	2,100	1,979
CURRENT ASSETS			
Amounts receivable from customers:			
- falling due within one year	10	630,146	597,179
- falling due after more than one year	10	63,786	56,830
Debtors:			
- falling due within one year	11	22,911	3,917
- falling due after more than one year	11	200,158	202,319
Cash at bank and in hand		19,422	20,642
		936,423	880,887
CREDITORS: amounts falling due within one year	13	(621,287)	(576,168)
NET CURRENT ASSETS		315,136	304,719
TOTAL ASSETS LESS CURRENT LIABILITIES		317,236	306,698
CREDITORS: amounts falling due after more than one year	14	(200,302)	(200,302)
NET ASSETS		116,934	106,396
CAPITAL AND RESERVES			
Called-up share capital	16	71,542	71,542
Share premium account	17	958	958
Profit and loss account	18	44,434	33,896
EQUITY SHAREHOLDERS' FUNDS	19	116,934	106,396

The financial statements on pages 6 to 24 were approved by the board of directors on 20 March 2008 and were signed on its behalf by:

C D Gillespie

Directors

J R Gillespie

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Principal accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2007 which have been applied on a consistent basis, unless otherwise stated, are 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 the revenue mainly to cover initial expenses.

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, 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 (FRS) 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 balances are not discounted.

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (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 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

The company participates in pension arrangements provided on a group basis. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of accounting under FRS17 'Retirement benefits'. Accordingly, contributions to the group defined benefit pension schemes are charged to the profit and loss account on an accruals basis.

Contributions to defined contribution schemes are charged to the profit and loss account on an accruals basis.

(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	10-33⅓	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

Operating leases are defined as leases in which a significant portion of the risks and rewards of ownership are retained by the lessor.

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

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

1. Principal accounting policies (continued)

(i) Dividends

Dividends paid are recognised in the profit and loss account when they are no longer at the discretion of the company.

(j) Share-based payment

The company's ultimate parent company, Provident Financial plc, issues equity settled share-based payments to certain employees through long term incentive schemes (LTIS), executive share option schemes (ESOS/SESO), a performance share plan scheme (PSP) and Save-As-You-Earn schemes (SAYE).

The cost of providing share-based payments to employees is charged to the profit and loss account of the employing company over the vesting period of the related share options, awards or allocations. The corresponding credit is made to the profit and loss reserve.

The cost included in the profit and loss account for the ESOS/SESO, PSP and SAYE schemes is based on the fair value of the options and shares allocated, determined using a binominal option pricing model. The value of the charge is adjusted at each balance sheet date to reflect expected and actual levels of vesting.

The cost included in the profit and loss account for the LTIS scheme is based on the fair value of the shares awarded, determined using a Monte-Carlo option pricing model. As the probability of the options vesting is taken into account in the initial calculation of the fair value of the options, no adjustment is made to reflect expected and actual levels of vesting.

In accordance with the transitional provisions of FRS20 'Share-based payments' the company has elected to apply FRS20 to grants, options and other equity instruments granted after 7 November 2002 and not vested at 1 January 2006.

2. Turnover and profit on ordinary activities before taxation

The company has only one class of business, of which 95% (2006: 96%) is carried out within the UK. The remaining business is carried out within the Republic of Ireland.

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

	2007	2006
	£'000	£'000
Depreciation	718	560
Services provided by the company's auditor:		
— Fees payable for the audit	47	45
Allocation of costs from ultimate parent company	147	145
Management charge from immediate parent undertaking	49,855	43,032
Loss on sale of tangible fixed assets	48	51
Operating lease rentals:		
— Other	223	218
Exceptional expenses	—	46,368
Focus Licence fee payable to immediate parent undertaking	512	73
Profit on sale of investment	—	(75)
Share-based payment charge (note 6)	737	262

The exceptional expenses relate to additional pension contributions made in the year ended 31 December 2006 to reduce the historic pension deficit (note 15).

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

3. Directors' emoluments

The directors' emoluments disclosed below are borne by the parent company, Provident Financial Management Services Limited, which makes no recharge to the company.

The emoluments disclosed below exclude the emoluments of P S Crook and C D Gillespie, which are paid by the ultimate parent company, Provident Financial plc, and recharged to the parent company, Provident Financial Management Services Limited, as part of a management charge. The disclosure below also excludes the emoluments of L J Stillwell, which are paid by a fellow subsidiary, Vanquis Bank Limited, and which are not recharged to Provident Financial Management Services Limited.

	2007	2006
	£'000	£'000
Aggregate emoluments	3,317	1,349
Company contributions to money purchase pension schemes	21	26
	3,338	1,375

Retirement benefits accrue to 3 directors under a defined benefit scheme (2006: five).

Retirement benefits accrue to 2 directors under a money purchase scheme (2006: three).

4 directors are entitled to shares under the Provident Financial Performance Share Plan (2006: six)

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

	2007	2006
	£'000	£'000
Aggregate emoluments	779	215
Company contributions to money purchase pension schemes	—	12
Defined benefit pension scheme	91	—
	870	227
Defined benefit pension scheme:		
Accrued pension at end of year	38	—

The highest paid director is a member of Provident Financial plc's defined benefit pension scheme and during the year Provident Financial Management Services Limited paid contributions of £90,723 (2006: £12,400).

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

4. Net interest payable and similar charges

	2007 £'000	2006 £'000
Interest payable on amounts due to ultimate parent undertaking	34,472	24,400
Interest payable to external parties	13,123	11,218
Interest receivable on amounts due from parent undertaking	(13,218)	(11,318)
Interest receivable from external parties	—	(14)
Preference dividend paid	16	16
	34,393	24,302

	2007 £'000	2006 £'000
Dividends in respect of preference shares (non-equity):		
Preference dividend at coupon rate of 5.165% (2006: 5.165)%	9	9
Preference dividend at coupon rate of 5.84% (2006: 5.84)%	7	7
	16	16

The preference dividends paid in the year in respect of the preference shares issued in 2002 and 2004 were 0.05p (2006: 0.05p) and 0.06p (2006: 0.06p) per share respectively.

5. Employee information

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

	2007 Number	2006 Number
Clerical	617	603
Operations	1,212	1,204
	1,829	1,807

(b) Employment costs — all employees:

	2007 £'000	2006 £'000
Wages and salaries	43,983	42,327
Social security costs	4,392	4,155
Pension costs (note 15)	2,495	50,215
Share-based payments (note 6)	737	262
	51,607	96,959

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

6. Share-based payments

The Provident Financial plc group operates four share schemes: the Long-Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (the ESOS/SESO) and the Performance Share Plan (PSP). During 2007, awards/options have been granted under the LTIS and SAYE schemes (2006: awards/options granted under the SAYE and ESOS/SESO schemes). For the purposes of assessing the income statement charge under FRS 20, the options granted under the SAYE scheme are valued using a binomial option pricing model. The awards under the LTIS are valued using a Monte-Carlo option pricing model. The charge to the income statement during the year was £737,000 (2006: £262,000). Of the charge in 2007, £352,000 relates to options granted under the SESO which were cancelled and cash compensation awarded to the holder.

	2007		2006	
	LTIS	SAYE	ESOS/SESO	SAYE
Grant date	11-Sep-07	17-Oct-07	07-Jun-06	21-Oct-06
Share price at grant date (£)	8.69	8.73	5.77	6.36
Exercise price (£)	—	7.16	5.77	4.91
Shares awarded/under option (number)	50,924	215,051	75,050	288,286
Vesting period (years)	3	3, 5 and 7	3	3, 5 and 7
Expected volatility	27.8%	27.8%	25.0%	25.0%
Award/option life (years)	3	Up to 7	10	Up to 7
Expected life (years)	3	Up to 7	5	Up to 7
Risk free rate	4.92%	4.92%	4.50%	4.50%
Expected dividends expressed as a dividend yield	n/a	6.0%	6.0%	6.0%
Fair value per award/option (£)	5.21	1.91-1.96	0.91	1.41-1.45

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds.

A reconciliation of share award/option movements during the year is show below:

	LTIS		ESOS/SESO		SAYE	
2007	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	—	—	284,358	6.42	888,401	4.86
Awarded/granted	50,924	—	—	—	215,051	7.16
Lapsed	(730)	—	(41,163)	6.26	(86,682)	5.06
Cancelled*	—	—	(105,993)	6.06	—	—
Exercised	—	—	(36,345)	6.23	(248,510)	4.77
Outstanding at 31 December	50,194	—	100,857	6.94	768,260	5.63
Exercisable at 31 December	—	—	44,057	8.46	35,960	6.63

• 105,993 options granted under the SESO were cancelled and cash compensation awarded to the option holder based on the group's average closing mid-market share price in the week commencing 16 July 2007.

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

6. Share-based payments (continued)

Share awards outstanding under the LTIS scheme at 31 December 2007 had an exercise price of £nil (2006: £nil) and a weighted average remaining contractual life of 2.7 years (2006: nil years). Share options outstanding under the ESOS/SESO schemes at 31 December 2007 had a range of exercise prices of 522p to 985p (2006: 522p to 985p) and a weighted average remaining contractual life of 0.8 years (2006: 0.5 years). Share options outstanding under the SAYE schemes at 31 December 2007 had an exercise price of 453p to 716p (2006: 453p to 712p) and a weighted average remaining contractual life of 2.6 years (2006: 2.5 years).

	LTIS		ESOS/SESO		SAYE	
2006	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	—	—	216,808	6.62	930,875	4.97
Granted/awarded	—	—	75,050	5.77	288,286	4.91
Expired	—	—	(7,500)	7.03	(135,436)	5.52
Exercised	—	—	—	—	(195,324)	5.02
Outstanding at 31 December	—	—	284,358	6.42	888,401	4.86
Exercisable at 31 December	—	—	129,308	6.86	49,557	5.32

No options were granted to employees of the company in respect of the PSP.

7. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2007 £'000	2006 £'000
UK corporation tax at 30% (2006: 30)%		
Current year	29,862	18,418
Overseas tax	507	208
Prior year	(106)	(70)
Total current tax (note 7(b))	30,263	18,556
Deferred tax		
Origination and reversal of timing differences	1,912	1,517
Change in UK tax rate — impact on deferred tax liabilities	132	—
Total deferred tax	2,044	1,517
Tax on profit on ordinary activities	32,307	20,073

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

7. Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is lower (2006: lower) than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	107,493	66,917
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30)%	32,248	20,075
Effects of:		
Expenses not deductible for tax purposes	15	60
Accelerated capital allowances	(25)	(72)
Other timing differences	(1,869)	(1,415)
Adjustments in respect of prior years	(106)	(70)
Profit on intra-group disposal of shares	—	(22)
Current tax charge for the year (note 7(a))	30,263	18,556

Tax assessed in future periods is expected to be below the standard rate of corporation tax in the UK due to deductions for those pension contributions which have been deferred for tax purposes.

The standard rate of Corporation Tax in the UK is currently 30% and changes to 28% with effect from 1 April 2008.

8. Dividends

	2007 £'000	2006 £'000
Dividends in respect of ordinary shares:		
Interim dividend paid of £0.23 per share (2006: £0.31)	65,000	89,000
	65,000	89,000

The directors do not propose a final dividend in respect of the year ended 31 December 2007 (2006: £nil).

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

9. Tangible fixed assets

	Short leasehold buildings	Equipment and vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 January 2007	21	11,755	11,776
Additions	—	1,095	1,095
Transfers from group undertakings	—	152	152
Disposals	—	(764)	(764)
At 31 December 2007	21	12,238	12,259
Accumulated depreciation			
At 1 January 2007	13	9,784	9,797
Charge for the year	—	718	718
Transfer from group undertakings	—	47	47
Disposals	—	(403)	(403)
At 31 December 2007	13	10,146	10,159
Net book value at 31 December 2007	8	2,092	2,100
Net book value at 31 December 2006	8	1,971	1,979

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

10. Amounts receivable from customers

(a) *Instalment credit receivables*

	2007 £'000	2006 £'000
Gross instalment credit receivables	1,104,254	1,026,003
Less: provision for bad and doubtful debts (note 10(b))	(89,249)	(84,073)
Instalment credit receivables after provision for bad and doubtful debts	1,015,005	941,930
Less: deferred revenue thereon	(321,073)	(287,921)
	693,932	654,009
Analysed as:		
due within one year	630,146	597,179
due after more than one year	63,786	56,830
	693,932	654,009

(b) *Bad and doubtful debts*

	2007 £'000	2006 £'000
Gross provision as at 31 December (note 10(a))	89,249	84,073
Less: deferred revenue thereon	(35,249)	(32,307)
Net provision as at 31 December	54,000	51,766
Net provision as at 1 January	(51,766)	(38,039)
Increase in provision, net of deferred revenue	2,234	13,727
Amounts written off, net of deferred revenue	101,513	82,002
Net charge to profit and loss account for bad and doubtful debts	103,747	95,729

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 2007 (CONTINUED)

11. Debtors

(a) *Amounts falling due within one year*

	2007 £'000	2006 £'000
Amounts owed by parent and other group undertakings	20,497	1,540
Other debtors	752	627
Prepayments	2	16
Corporation tax recoverable	—	158
Deferred tax asset (note 12)	1,660	1,576
	22,911	3,917

(b) *Amounts falling due after more than one year*

	2007 £'000	2006 £'000
Amounts owed by parent and other group undertakings	200,000	200,000
Deferred tax asset (note 12)	158	2,319
	200,158	202,319

Amounts owed by parent and other group undertakings are unsecured. Of this balance, £200,000,000 represents a loan repayable on or after 22 December 2010. The loan carries interest at lenders cost of funds plus 0.05%. The remaining balance has no fixed date of repayment and interest is charged at LIBOR related rates.

12. Deferred tax

(a) *Deferred taxation recognised in the accounts is as follows:*

	2007 £'000	2006 £'000
Accelerated capital allowances	158	205
Retirement benefit obligations	1,371	2,938
Other timing differences	289	752
	1,818	3,895

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

12. Deferred tax (continued)

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

	£'000
Deferred tax asset at 1 January 2007	3,895
Transfer to profit and loss account reserve (note 18)	(33)
Charge to profit and loss account	(2,044)
Deferred tax asset at 31 December 2007 (note 11)	1,818

During the year, as a result of the change in UK Corporation tax rates which will be effective from 1 April 2008, deferred tax balances have been remeasured. Deferred tax relating to timing differences which are expected to reverse prior to 1 April 2008 is measured at a tax rate of 30% and the deferred tax relating to timing differences expected to reverse after 1 April 2008 is measured at a tax rate of 28% as these are the tax rates that will apply on reversal. This has resulted in a net charge to the profit and loss account of £132,000.

A deferred tax asset of £33,000 has been transferred to the profit and loss account reserve in respect of lapsed share options/awards.

13. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Bank loans and overdrafts (note 14)	5,023	4,171
Trade creditors	11,667	16,464
Amounts owed to parent and other group undertakings	575,312	544,642
Corporation tax	14,950	—
Other taxation and social security	1,602	1,371
Accruals and deferred income	12,733	9,520
	621,287	576,168

Amounts owed to parent and other group undertakings are unsecured and have no fixed date of repayment. Interest is charged at LIBOR related rates.

14. Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Preference shares	302	302
Bank and other borrowings	200,000	200,000
	200,302	200,302

Maturity of bank borrowings

	2007 £'000	2006 £'000
In one year or less, or on demand	5,023	4,171
In more than one year, but not more than two years	200,000	60,000
In more than two years, but not more than five years	—	140,000
In more than five years	—	—
	205,023	204,171

The borrowings represent drawdowns under committed revolving loan facilities and carry interest at rates linked to LIBOR.

Preference shares

	2007 £'000	2006 £'000
Authorised		
30,199,000 preference shares of £0.01 each	302	302
Allotted, called up and fully paid:		
30,199,000 preference shares of £0.01 each	302	302

The 17,676,000 preference shares issued in 2002 had a right to a special dividend of £0.9909 in 2002, an annual coupon of 5.165% and a return on capital on a winding up of £0.01 per share.

The 12,523,000 preference shares issued in 2004 had a right to a special dividend of £0.9910 in 2004, an annual coupon of 5.84% and a return on capital on a winding up on £0.01 per share.

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

15. 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. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of meeting the disclosure requirements of FRS17 'Retirement benefits'. The detailed disclosures required by FRS17 have been included within the financial statements of the ultimate parent company, Provident Financial plc.

Independent qualified actuaries undertake regular valuations of the group's schemes. The most recent valuation performed as at 1 June 2006 showed the actuarial value of the assets were sufficient to cover 100% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The defined benefit pension costs of the company for the year were £1,922,000 (2006: £49,405,000) representing contributions made to the group schemes. Of these costs £nil (2006: £46,368,000) represent exceptional pension contributions made to reduce the historical pension deficit. The group pension scheme has a surplus of £61,500,000 at 31 December 2007 (2006: surplus of £8,900,000), as calculated on an IAS19 basis.

The company expects to make £2,963,000 of regular contributions into the defined benefit scheme during 2008.

The two defined benefit schemes were closed to new members from 1 January 2003. For new employees joining the group after 1 January 2003, a stakeholder pension plan was introduced into which members contribute 6% of pensionable earnings and the company contributes 8%. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the profit and loss account includes contributions payable by the company to the fund and amounted to £270,000 for the year ended 31 December 2007 (2006: £810,000).

16. Called-up share capital

	2007 £'000	2006 £'000
Authorised		
399,292,960 ordinary shares of £0.25 each	99,823	99,823
Issued, called-up and fully paid		
286,168,421 ordinary shares of £0.25 each	71,542	71,542

17. Share premium account

	2007 £'000	2006 £'000
At 1 January and 31 December	958	958

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

18. Profit and loss account reserve

	£'000
At 1 January 2007	33,896
Retained profit for the year	10,186
Adjustment in respect of share-based payment	737
Cash settlement in respect of share based payment	(352)
Deferred tax on share based payment	(33)
At 31 December 2007	44,434

The share-based payment charge in the year includes £352,000 in respect of executive share options which were cancelled and settled in the form of cash compensation. As net assets have reduced by £352,000 following the outflow of cash, a corresponding credit of £352,000 has been made to the profit and loss account reserve.

19. Reconciliation of movement in equity shareholders' funds

	2007 £'000	2006 £'000
Profit for the financial year	75,186	46,844
Dividends	(65,000)	(89,000)
Retained profit/(sustained loss) for the year	10,186	(42,156)
Adjustment in respect of share-based payment	737	262
Cash settlement in respect of share based payment	(352)	—
Deferred tax on share-based payment	(33)	—
Net increase in/(reduction to) equity shareholders' funds	10,538	(41,894)
Equity shareholders' funds at 1 January	106,396	148,290
Equity shareholders' funds at 31 December	116,934	106,396

20. Financial commitments

At 31 December 2007, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2007	2006
	£'000	£'000
Leases expiring:		
Within one year	179	65
Within two to five years	59	97
After five years	7	7
	245	169

21. Capital commitments

	2007	2006
	£'000	£'000
Contracted with third parties but not provided for	448	51

22. Related party disclosures

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

M A Palmer, a director of the company, has a material interest in Smartstyle Technology Limited, from which the company has received training. The directors consider these transactions to be at an arm's length rate. The value of transactions during the year were £nil (2006: £1,698). The balance outstanding at 31 December 2007 was £nil (2006: £nil).

23. Contingent liabilities

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 £1,000,000,000 (2006: £1,391,900,000). At 31 December 2007 the borrowings amounted to £434,000,000 (2006: £821,000,000). No loss is expected to arise.

24. Parent undertaking and controlling party

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.

PROVIDENT PERSONAL CREDIT LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

(Company Number 146091)

PROVIDENT PERSONAL CREDIT LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

PROVIDENT PERSONAL CREDIT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

1. Principal activities and review of business

The principal activities of the company are to provide unsecured home credit loans and unsecured direct repayment loans to customers in the UK and Republic of Ireland.

Both the level of business and the year end financial position were satisfactory and the directors expect that the current trends experienced by the business will continue for the foreseeable future.

The company is a wholly owned subsidiary of Provident Financial plc and forms part of the Consumer Credit Division of that company. A full review of the business, results and future prospects of the Consumer Credit Division is set out in the annual report of Provident Financial plc.

2. Results

The profit and loss account for the year is set out on page 5. The retained profit for the year of £74,860,000 (2007: £75,186,000) has been added to reserves.

3. Dividends

During the year ended 31 December 2008, the directors paid an interim dividend on the ordinary shares of the company of £50,000,000 (2007: £65,000,000), which has been deducted from reserves. No further dividends have been paid in the year (2007: £nil).

The directors have declared and paid the 5.165% dividend on the preference shares issued in 2002 of £9,130 (2007: £9,130) and the 5.84% dividend on the preference shares issued in 2004 of £7,313 (2007: £7,313).

4. Principal risks and uncertainties

The company participates in the group-wide risk management framework of Provident Financial plc. Details of the group's risk management framework together with the group's principal risks and uncertainties are set out in the annual report of Provident Financial plc.

5. Key performance indicators (KPIs)

Provident Financial plc's operations are managed on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the statutory company is not necessary or appropriate for an understanding of the development, performance or position of the Provident Personal Credit business. The development, performance and position of the Consumer Credit Division of Provident Financial plc, which includes the company, is set out in the annual report of Provident Financial plc.

6. Financial risk management

The company participates in the group-wide risk management framework of Provident Financial plc, which incorporates financial risk management. Details of the group's risk management framework, together with the group's principal risks and uncertainties, are set out in the annual report of Provident Financial plc.

PROVIDENT PERSONAL CREDIT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7. Directors

The directors of the company during the year ended 31 December 2008, all of whom were directors for the whole year then ended, except where stated, were:

C D Gillespie	Chairman
D C Craggs	
M R Elliott	(appointed 1 January 2008)
J R Gillespie	(appointed 1 January 2008)
C Graham	(resigned 28 February 2009)
M A Palmer	
S D Shaw	
C E F Taylor	

8. 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 Provident Financial plc group's published annual results, team briefings, staff meetings, conferences and annual pensions newsletters. 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 six months' service.

9. Disabled persons

It is the company's policy to make no differentiation between the disabled and the able-bodied in recruitment, career development and promotion. 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.

10. Supplier policy statement

The company agrees the 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 creditor figure represents 10 days of purchases (2007: 17 days).

11. Auditor information

At the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234 ZA of the Companies Act 1985.

12. Auditors

PricewaterhouseCoopers LLP will continue as auditors to the company for the next financial year.

BY ORDER OF THE BOARD

E Versluys
Company Secretary
Bradford
31 March 2009

PROVIDENT PERSONAL CREDIT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

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 2008 and that applicable accounting standards have been followed.

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 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

E Versluys
Company Secretary
Bradford
31 March 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PROVIDENT PERSONAL CREDIT LIMITED

We have audited the financial statements of Provident Personal Credit Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
31 March 2009

PROVIDENT PERSONAL CREDIT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
TURNOVER	2	510,852	460,803
Cost of sales		(225,252)	(203,078)
GROSS PROFIT		285,600	257,725
Administrative expenses		(148,753)	(115,839)
OPERATING PROFIT		136,847	141,886
Net interest payable and similar charges	4	(36,492)	(34,393)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	100,355	107,493
Tax on profit on ordinary activities	7	(25,495)	(32,307)
RETAINED PROFIT FOR THE YEAR	18, 19	74,860	75,186

The results shown in the profit and loss account are derived 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.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Profit for the year	18	74,860	75,186
Foreign exchange gains	18	2,835	—
TOTAL RECOGNISED GAIN FOR THE YEAR		77,695	75,186

PROVIDENT PERSONAL CREDIT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	9	2,327	2,100
CURRENT ASSETS			
Amounts receivable from customers:			
— falling due within one year	10	702,160	630,146
— falling due after more than one year	10	86,998	63,786
Debtors:			
— falling due within one year	11	3,397	22,911
— falling due after more than one year	11	200,000	200,158
Cash at bank and in hand		15,943	19,422
		1,008,498	936,423
CREDITORS: amounts falling due within one year	13	(665,237)	(621,287)
NET CURRENT ASSETS		343,261	315,136
TOTAL ASSETS LESS CURRENT LIABILITIES		345,588	317,236
CREDITORS: amounts falling due after more than one year	14	(200,302)	(200,302)
NET ASSETS		145,286	116,934
CAPITAL AND RESERVES			
Called-up share capital	16	71,542	71,542
Share premium account	17	958	958
Profit and loss account	18	72,786	44,434
EQUITY SHAREHOLDERS' FUNDS	19	145,286	116,934

The financial statements on pages 5 to 22 were approved by the board of directors on 31 March 2009 and were signed on its behalf by:

C D Gillespie

Directors

J R Gillespie

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Principal accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2008 which have been applied on a consistent basis, unless otherwise stated, are 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 the revenue mainly to cover initial expenses.

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, 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 FRS 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 balances are not discounted.

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

1. Principal accounting policies (continued)

(e) Foreign currencies

The company operates in the UK and Republic of Ireland.

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction, or, where foreign currency contracts have been taken out, at contractual rates. 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 year end exchange rates.

The company hedges its net investment in its branch in the Republic of Ireland through currency borrowings. Gains or losses on translation of the net assets of the branch and the related currency borrowings are recognised in the profit and loss reserve within equity.

(f) Pension scheme arrangements

The company participates in pension arrangements provided on a group basis. The company is unable to identify its share of the underlying assets and liabilities of the Provident Financial plc group defined benefit pension scheme for the purposes of accounting under FRS 17 'Retirement benefits'. Accordingly, contributions to the group's defined benefit pension scheme are charged to the profit and loss account on an accruals basis.

Contributions to defined contribution schemes are charged to the profit and loss account on an accruals basis.

(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	10-33⅓	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

Operating leases are defined as leases in which a significant portion of the risks and rewards of ownership are retained by the lessor.

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

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

1. Principal accounting policies (continued)

(i) Dividends

Dividends paid are recognised in the financial statements when they are no longer at the discretion of the company.

(j) Share-based payment

The company's ultimate parent company, Provident Financial plc, grants options under senior executive share schemes (ESOS/SESO) and employee savings-related option schemes (typically referred to as Save As You Earn schemes (SAYE)) and makes awards under the Performance Share Plan (PSP) and the Long-Term Incentive Scheme (LTIS).

The cost of providing options and awards to employees is charged to the profit and loss account of the employing company over the vesting period of the related options and awards. The corresponding credit is made to the profit and loss reserve within equity.

The cost of options and awards is based on fair value. For the ESOS / SESO, PSP and SAYE schemes, fair value is determined using a binominal option pricing model. The value of the charge is adjusted at each balance sheet date to reflect expected and actual levels of vesting, with a corresponding adjustment to the profit and loss reserve within equity.

For the LTIS, fair value is determined using a Monte-Carlo option pricing model. The value of the charge is adjusted at each balance sheet date to reflect lapses. As the probability of the awards vesting is taken into account in the initial calculation of the fair value of the awards, no adjustment is made to reflect expected and actual levels of vesting.

In accordance with the transitional provisions of FRS 20 'Share-based payment' the company has elected to apply FRS 20 to grants, options and other equity instruments granted after 7 November 2002 and not vested at 1 January 2005.

2. Turnover and profit on ordinary activities before taxation

The company has one class of business, of which 91% (2007: 92%) is carried out within the UK. The remaining business is carried out within the Republic of Ireland.

The profit on ordinary activities before taxation is after charging:

	2008	2007
	£'000	£'000
Depreciation (note 9)	794	718
Services provided by the company's auditor:		
— Fees payable for the audit	53	47
Costs recharged by ultimate parent company	127	147
Management charge from immediate parent undertaking	68,312	49,855
Loss on sale of tangible fixed assets	83	48
Operating lease rentals:		
— Other	250	223
Focus Licence fee payable to immediate parent undertaking	3,550	512
Share-based payment charge (note 6)	657	737

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

3. Directors' emoluments

The directors' emoluments disclosed below are borne by the parent company, Provident Financial Management Services Limited, which makes no recharge to the company.

The emoluments disclosed below exclude the emoluments of C D Gillespie, which are paid by the ultimate parent company, Provident Financial plc, and recharged to the parent company, Provident Financial Management Services Limited, as part of a management charge.

	2008 £'000	2007 £'000
Aggregate emoluments	1,501	3,317
Company contributions to money purchase pension schemes	13	21
	1,514	3,338

Retirement benefits accrue to five directors under a defined benefit scheme (2007: three).

Retirement benefits accrue to one director under a money purchase scheme (2007: two).

Seven directors are entitled to shares under the Provident Financial Performance Share Plan (2007: four).

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

	2008 £'000	2007 £'000
Aggregate emoluments	255	779
Company contributions to money purchase pension schemes	13	—
Defined benefit pension scheme	—	91
	268	870
Defined benefit pension scheme:		
Accrued pension at 31 December	—	38

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

4. Net interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable on amounts due to ultimate parent undertaking	36,704	34,472
Interest payable to external parties	13,544	13,123
Interest receivable on amounts due from parent undertaking	(13,772)	(13,218)
Preference dividend paid	16	16
	36,492	34,393

The preference dividend paid in the year was as follows:

	2008 £'000	2007 £'000
Dividends in respect of preference shares (non-equity):		
Preference dividend at coupon rate of 5.165% (2007: 5.165)%	9	9
Preference dividend at coupon rate of 5.84% (2007: 5.84)%	7	7
	16	16

The preference dividends paid in the year in respect of the preference shares issued in 2002 and 2004 were 0.05p (2007: 0.05p) and 0.06p (2007: 0.06p) per share respectively.

5. Employee information

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

	2008 Number	2007 Number
Clerical	673	617
Operations	1,369	1,212
	2,042	1,829

(b) Employment costs — all employees:

	2008 £'000	2007 £'000
Wages and salaries	55,291	43,983
Social security costs	5,660	4,392
Pension costs (note 15)	3,142	2,192
Share-based payment charge (note 6)	657	737
	64,750	51,304

6. Share-based payments

The Provident Financial plc group operates four share schemes: the Long-Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (the ESOS/SESO) and the Performance Share Plan (PSP). During 2008, awards/options have been granted under the LTIS and SAYE schemes (2007: awards/options granted under the LTIS and SAYE schemes). For the purposes of assessing the profit and loss account charge under FRS 20, the options under the SAYE scheme are valued using a binomial option pricing model. The awards under the LTIS are valued using a Monte-Carlo option pricing model. The charge to the profit and loss account during the year was £657,000 (2007: charge of £737,000). Of the charge in 2007, £352,000 related to shares granted under the SESO which were cancelled and cash compensation awarded to the holder on demerger of the international business from the Provident Financial plc group on 16 July 2007.

	2008		2007	
	LTIS	**SAYE**	**LTIS**	**SAYE**
Grant date	5-Mar-08	27-Aug-08	11-Sep-07	17-Oct-07
Share price at grant date(£)	8.04	8.94	8.69	8.73
Exercise price(£)	—	7.04	—	7.16
Shares under option	67,115	204,312	50,924	221,323
Vesting period (years)	3	3, 5 and 7	3	3, 5 and 7
Expected volatility	31.6%	30.6% - 34.6%	27.8%	27.8%
Option life (years)	3	Up to 7	3	Up to 7
Expected life (years)	3	Up to 7	3	Up to 7
Risk free rate	4.00%	4.40% - 4.60%	4.92%	4.92%
Expected dividends expressed as a dividend yield	n/a	7.6%	n/a	6.0%
Fair value per option(£)	4.42	1.68 - 2.09	5.21	1.91-1.96

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds.

A reconciliation of share option movements during the year is show below:

	LTIS		ESOS/SESO		SAYE	
2008	**Number**	**Weighted average exercise price £**	**Number**	**Weighted average exercise price £**	**Number**	**Weighted average exercise price £**
Outstanding at 1 January	50,194	—	100,857	6.94	774,532	5.63
Granted	67,115	—	—	—	204,312	7.04
Lapsed	—	—	(3,920)	9.85	(59,514)	5.91
Exercised	—	—	(21,838)	7.09	(170,221)	5.05
Outstanding at 31 December	117,309	—	75,099	6.75	749,109	6.03
Exercisable at 31 December	—	—	18,299	9.79	109,120	4.76

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

6. Share-based payments (continued)

Share options outstanding under the LTIS scheme at 31 December 2008 had an exercise price of £nil (2007: £nil) and a weighted average remaining contractual life of 2.0 years (2007: 2.7 years). Share options outstanding under the ESOS/SESO schemes at 31 December 2008 had a range of exercise prices of 577p to 979p (2007: 577p to 985p) and a weighted average remaining contractual life of 0.4 years (2007: 0.8 years). Share options outstanding under the SAYE schemes at 31 December 2008 had a range of exercise prices of 453p to 716p (2007: 453p to 716p) and a weighted average remaining contractual life of 3.0 years (2007: 2.7 years).

No options were granted to employees of the company in respect of the ESOS/SESO or PSP schemes (2007: Nil).

	LTIS		ESOS/SESO		SAYE	
2007	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	—	—	284,358	6.42	888,401	4.86
Granted	50,924	—	—	—	221,323	7.16
Lapsed	(730)	—	(41,163)	6.26	(86,682)	5.06
Cancelled*	—	—	(105,993)	6.06	—	—
Exercised	—	—	(36,345)	6.23	(248,510)	4.77
Outstanding at 31 December	50,194	—	100,857	6.94	774,532	5.63
Exercisable at 31 December	—	—	44,057	8.46	35,960	6.63

* Following the demerger of the international business from the Provident Financial plc group on 16 July 2007, 105,993 shares granted under the SESO were cancelled and cash compensation awarded to the option holder based on the group's average closing mid-market share price in the week commencing 16 July 2007.

7. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2008 £'000	2007 £'000
UK corporation tax at 28.5% (2007: 30.0%)		
Current year	26,607	29,862
Overseas tax	816	507
Prior year	(3,413)	(106)
Total current tax (note 7(b))	24,010	30,263
Deferred tax		
Origination and reversal of timing differences (note 12(b))	1,485	1,912
Change in UK tax rate — impact on deferred tax liabilities	—	132
Total deferred tax	1,485	2,044
Tax on profit on ordinary activities	25,495	32,307

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7. Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2007: lower) than the average standard rate of corporation tax in the UK of 28.5% (2007: 30.0%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	100,355	107,493
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 28.5% (2007: 30.0%)	28,601	32,248
Effects of:		
Expenses not deductible for tax purposes	12	15
Accelerated capital allowances	18	(25)
Other timing differences	(1,208)	(1,869)
Adjustments in respect of prior years	(3,413)	(106)
Current tax charge for the year (note 7(a))	24,010	30,263

8. Dividends

	2008 £'000	2007 £'000
Dividends in respect of ordinary shares:		
Interim dividend paid of £0.17 per share (2007: £0.23)	50,000	65,000
	50,000	65,000

The directors do not propose a final dividend in respect of the year ended 31 December 2008 (2007: £nil).

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

9. Tangible fixed assets

	Short leasehold buildings	Equipment and vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 January 2008	21	12,238	12,259
Additions	—	1,282	1,282
Transfers from group undertakings	—	82	82
Disposals	—	(613)	(613)
At 31 December 2008	21	12,989	13,010
Accumulated depreciation			
At 1 January 2008	13	10,146	10,159
Charge for the year	—	794	794
Transfers from group undertakings	—	35	35
Disposals	—	(305)	(305)
At 31 December 2008	13	10,670	10,683
Net book value at 31 December 2008	8	2,319	2,327
Net book value at 31 December 2007	8	2,092	2,100

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

10. Amounts receivable from customers

(a) Instalment credit receivables

	2008 £'000	2007 £'000
Gross instalment credit receivables	1,266,329	1,104,254
Less: provision for bad and doubtful debts (note 10(b))	(107,280)	(89,249)
Instalment credit receivables after provision for bad and doubtful debts	1,159,049	1,015,005
Less: deferred revenue thereon	(369,891)	(321,073)
	789,158	693,932
Analysed as:		
due within one year	702,160	630,146
due after more than one year	86,998	63,786
	789,158	693,932

(b) Bad and doubtful debts

	2008 £'000	2007 £'000
Gross provision as at 31 December (note 10(a))	107,280	89,249
Less: deferred revenue thereon	(44,630)	(35,249)
Net provision as at 31 December	62,650	54,000
Net provision as at 1 January	(54,000)	(51,766)
Increase in provision, net of deferred revenue	8,650	2,234
Amounts written off, net of deferred revenue	108,038	101,513
Net charge to profit and loss account for bad and doubtful debts	116,688	103,747

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 2008 (CONTINUED)

11. Debtors

(a) Amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed by parent and other group undertakings	903	20,497
Other debtors	1,716	752
Prepayments	445	2
Deferred tax asset (note 12)	333	1,660
	3,397	22,911

Amounts owed by parent and other group undertakings are unsecured, have no fixed date of repayment and bear interest at rates linked to LIBOR.

(b) Amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts owed by parent undertaking	200,000	200,000
Deferred tax asset (note 12)	—	158
	200,000	200,158

The amount owed by the parent undertaking is unsecured and is repayable on 22 December 2010. The loan carries interest at lenders cost of funds plus 0.05%.

12. Deferred tax

(a) Deferred tax recognised in the accounts is as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	204	158
Retirement benefit obligations	—	1,371
Other timing differences	129	289
	333	1,818

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

12. Deferred tax (continued)

(b) The movement in deferred tax during the year is as follows:

	£'000
Deferred tax asset at 1 January 2008	1,818
Charge to profit and loss account	(1,485)
Deferred tax asset at 31 December 2008 (note 11)	333

13. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank loans and overdrafts (note 14)	1,258	5,023
Trade creditors	11,408	11,667
Amounts owed to ultimate parent and other group undertakings	632,048	575,312
Corporation tax	5,808	14,950
Other taxation and social security	1,324	1,602
Accruals and deferred income	12,718	12,733
Other creditors	673	—
	665,237	621,287

Amounts owed to ultimate parent and other group undertakings are unsecured and have no fixed date of repayment. Interest is charged at rates linked to LIBOR.

14. Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Preference shares	302	302
Bank and other borrowings	200,000	200,000
	200,302	200,302

Maturity of bank borrowings

	2008 £'000	2007 £'000
In one year or less, or on demand	1,258	5,023
In more than one year, but not more than two years	—	—
In more than two years, but not more than five years	200,000	200,000
In more than five years	—	—
	201,258	205,023

The borrowings represent drawdowns under committed revolving loan facilities and carry interest at rates linked to LIBOR.

Preference shares

	2008 £'000	2007 £'000
Authorised		
30,199,000 preference shares of £0.01 each	302	302
Allotted, called up and fully paid:		
30,199,000 preference shares of £0.01 each	302	302

The 17,676,000 preference shares issued in 2002 had a right to a special dividend of £0.9909 in 2002, an annual coupon of 5.165% and a return on capital on a winding up of £0.01 per share.

The 12,523,000 preference shares issued in 2004 had a right to a special dividend of £0.9910 in 2004, an annual coupon of 5.84% and a return on capital on a winding up on £0.01 per share.

15. Pension schemes

The Provident Financial plc group has historically operated two major defined benefit schemes; the Provident Financial Senior Pension Scheme (‘the senior scheme’) and the Provident Financial Staff Pension Scheme (‘the staff pension scheme’). On 1 September 2008, the senior pension scheme was merged into the staff pension scheme, and the group now operates one major defined benefit scheme; the staff pension scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of meeting the disclosure requirements of FRS 17 ‘Retirement benefits’. The detailed disclosures required by FRS 17 have been included within the financial statements of the ultimate parent company, Provident Financial plc.

Independent qualified actuaries undertake regular valuations of the group’s scheme. The most recent valuation performed as at 1 June 2006 showed the actuarial value of the assets were sufficient to cover 100% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The defined benefit pension costs of the company for the year were £2,759,000 (2007: £1,922,000) representing contributions made to the group schemes. The group pension scheme has a surplus of £50,900,000 at 31 December 2008 (2007: surplus of £61,500,000), as calculated on an IAS 19 basis.

The company expects to make £4,294,000 of regular contributions to the defined benefit scheme during 2009.

The defined benefit scheme was closed to new members from 1 January 2003. For new employees joining the group after 1 January 2003, a stakeholder pension plan was introduced into which members contribute between 3% and 8% of pensionable earnings and the company contributes between 5% and 10%. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the profit and loss account includes contributions payable by the company to the fund and amounted to £383,000 for the year ended 31 December 2008 (2007: £270,000).

16. Called-up share capital

	2008	2007
	£'000	£'000
Authorised		
399,292,960 (2007: 399,292,960) ordinary shares of £0.25 each	99,823	99,823
Issued, called-up and fully paid		
286,168,421 (2007: 286,168,421) ordinary shares of £0.25 each	71,542	71,542

17. Share premium account

	2008	2007
	£'000	£'000
At 1 January and 31 December	958	958

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

18. Profit and loss account reserve

	£'000
At 1 January 2008	44,434
Retained profit for the year	74,860
Dividends paid (note 8)	(50,000)
Foreign exchange gain	2,835
Share-based payment charge	657
At 31 December 2008	72,786

The foreign exchange gain represents the net gain on the retranslation of the net assets of the branch in the Republic of Ireland and the related currency borrowings used to hedge the company's net investment in branch.

19. Reconciliation of movement in equity shareholders' funds

	2008 £'000	2007 £'000
Profit for the year	74,860	75,186
Dividends paid	(50,000)	(65,000)
Retained profit for the year	24,860	10,186
Foreign exchange gain	2,835	—
Share-based payment charge	657	737
Cash settlement in respect of share-based payment	—	(352)
Deferred tax on share-based payment	—	(33)
Net increase in equity shareholders' funds	28,352	10,538
Equity shareholders' funds at 1 January	116,934	106,396
Equity shareholders' funds at 31 December	145,286	116,934

PROVIDENT PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

20. Financial commitments

At 31 December 2008, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2008	**2007**
	£'000	**£'000**
Leases expiring:		
Within one year	247	179
Within two to five years	46	59
After five years	3	7
	296	245

21. Capital commitments

	2008	**2007**
	£'000	**£'000**
Contracted with third parties but not provided for	136	448

22. Related party disclosures

As a wholly owned subsidiary undertaking, 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 financial statements of Provident Financial plc.

There were no other related party transactions.

23. Contingent liabilities

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 £902,500,000 (2007: £1,000,000,000). At 31 December 2008 the borrowings amounted to £628,500,000 (2007: £434,000,000). No loss is expected to arise.

24. Parent undertaking and controlling party

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.

GREENWOOD PERSONAL CREDIT LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

(Company Number 125150)

GREENWOOD PERSONAL CREDIT LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

GREENWOOD PERSONAL CREDIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007.

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.

Both the level of business and the year end financial position were satisfactory and the directors expect that the current trends experienced by the company will continue for the foreseeable future.

The company is a wholly owned subsidiary of Provident Financial plc and forms part of the Consumer Credit Division of that company. A full review of the business, results and future prospects of the Consumer Credit Division is set out in the annual report of Provident Financial plc.

2. Results

The profit and loss account for the year is set out on page 6. The retained profit for the year of £7,905,000 (2006: sustained loss of £6,271,000) has been added to/(deducted from) reserves.

3. Dividends

In respect of the year ended 31 December 2007, the directors did not pay an interim dividend (2006: £7,000,000). No final dividend is proposed (2006: £nil).

4. Principal risks and uncertainties

The directors of Provident Financial plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Greenwood Personal Credit Limited's business. The principal risks and uncertainties of Provident Financial plc, which include those of the company, are discussed within the directors' report section of the group's annual report which does not form part of this report.

5. Key performance indicators (KPIs)

The directors of Provident Financial plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Greenwood Personal Credit Limited. The development, performance and position of the Consumer Credit Division of Provident Financial plc, which includes the company, is discussed within the directors' report section of the group's annual report which does not form part of this report.

6. Financial risk management

The company's operations expose it to a variety of financial risks which include credit risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the company. The policies and procedures in place to manage these risks are detailed within the directors' report section of the group's annual report, which does not form part of this report.

GREENWOOD PERSONAL CREDIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

7. Directors

The directors of the company during the year ended 31 December 2007, all of whom were directors for the whole year then ended, except where stated, were:

C D Gillespie	Chairman	(appointed 21/05/2007)
D C Craggs		(appointed 29/10/2007)
P S Crook		(resigned 02/08/2007)
C Graham		
P C Kettle		(resigned 25/09/2007)
M A Palmer		
S D Shaw		
D R Spiers		(resigned 01/11/2007)
L J Stillwell		(resigned 01/08/2007)
C E F Taylor		
P R Thrustle		(resigned 31/10/2007)

The following directors have been appointed to the board since 31 December 2007:

M R Elliott	(appointed 01/01/2008)
J R Gillespie	(appointed 01/01/2008)

8. 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 Provident Financial plc group's published annual results, team briefings, staff meetings, conferences and annual pensions newsletters. 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 six months service.

9. Disabled persons

It is the company's policy to make no differentiation between the disabled and the able-bodied in recruitment, career development and promotion. 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.

10. Supplier policy statement

The company agrees the 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 creditor figure represents 10 days of purchases (2006: 16 days).

GREENWOOD PERSONAL CREDIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

11. Auditor Information

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BY ORDER OF THE BOARD

C D Gillespie
Director
Bradford
20 March 2008

GREENWOOD PERSONAL CREDIT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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 2007 and that applicable accounting standards have been followed.

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 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

C D Gillespie
Director
Bradford
20 March 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GREENWOOD PERSONAL CREDIT LIMITED

We have audited the financial statements of Greenwood Personal Credit Limited for the year ended 31 December 2007 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
26 March 2008

GREENWOOD PERSONAL CREDIT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
TURNOVER	2	70,316	66,616
Cost of sales		(33,272)	(32,795)
GROSS PROFIT		37,044	33,821
Administrative expenses excluding exceptional items		(21,516)	(21,826)
Exceptional administrative expenses — pension contributions	2, 14	—	(7,684)
Total administrative expenses		(21,516)	(29,510)
OPERATING PROFIT		15,528	4,311
Interest payable and similar charges	4	(4,211)	(3,274)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	11,317	1,037
Tax on profit on ordinary activities	7	(3,412)	(308)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7,905	729
Dividends	8	—	(7,000)
RETAINED PROFIT/(SUSTAINED LOSS) FOR THE YEAR	16, 17	7,905	(6,271)

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

There is no difference between the profit for the year stated above and the historical cost equivalents.

GREENWOOD PERSONAL CREDIT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	9	720	1,247
CURRENT ASSETS			
Amounts receivable from customers	10	81,635	69,314
Debtors:			
— falling due within one year	11	643	602
— falling due after more than one year	11	32	255
Cash at bank and in hand		2,423	2,770
		84,733	72,941
CREDITORS: amounts falling due within one year	13	(75,942)	(72,604)
NET CURRENT ASSETS		8,791	337
NET ASSETS		9,511	1,584
CAPITAL AND RESERVES			
Called-up share capital	15	17	17
Share premium account		1	1
Profit and loss account	16	9,493	1,566
EQUITY SHAREHOLDERS' FUNDS	17	9,511	1,584

The financial statements on pages 6 to 20 were approved by the board of directors on 20 March 2008 and were signed on its behalf by:

C D Gillespie

Directors

J R Gillespie

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Principal accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2007 which have been applied on a consistent basis, unless otherwise stated, are 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 the revenue mainly to cover initial expenses.

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, 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 (FRS) 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.

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

1. Principle accounting policies (continued)

(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 balances are not discounted.

(e) Pension scheme arrangements

The company participates in pension arrangements provided on a group basis. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of accounting under FRS17 'Retirement benefits'. Accordingly, contributions to the group defined benefit pension schemes are charged to the profit and loss account on an accruals basis.

Contributions to defined contribution schemes are charged to the profit and loss account on an accruals basis.

(f) 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
Land	Nil	—
Freehold buildings	2½	Straight line
Equipment including computers	10-33⅓	Straight line
Motor vehicles	25	Reducing balance

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

(g) Operating leases

Operating leases are defined as leases in which a significant portion of the risks and rewards of ownership are retained by the lessor.

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

(h) Dividends

Dividends paid are recognised in the profit and loss account when they are no longer at the discretion of the company.

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

1. Principle accounting policies (continued)

(i) Share-based payment

The company's ultimate parent company, Provident Financial plc, issues equity settled share-based payments to certain employees through long term incentive schemes (LTIS), executive share option schemes (ESOS/SESO), a performance share plan scheme (PSP) and Save-As-You-Earn schemes (SAYE).

The cost of providing share-based payments to employees is charged to the profit and loss account of the employing company over the vesting period of the related share options, awards or allocations. The corresponding credit is made to the profit and loss reserve.

The cost included in the profit and loss account for the ESOS / SESO, PSP and SAYE schemes is based on the fair value of the options and shares allocated, determined using a binominal option pricing model. The value of the charge is adjusted at each balance sheet date to reflect expected and actual levels of vesting.

In accordance with the transitional provisions of FRS20 'Share-based payments' the company has elected to apply FRS20 to grants, options and other equity instruments granted after 7 November 2002 and not vested at 1 January 2006.

2. Turnover and profit on ordinary activities before taxation

The company has only one class of business which is carried out wholly in the UK.

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

	2007	2006
	£'000	£'000
Depreciation	234	361
Services provided by the company's auditor:		
— Fees payable for the audit	31	30
Allocation of costs from ultimate parent company	13	13
Management charge from immediate parent undertaking	9,997	10,057
Loss on sale of tangible fixed assets	59	100
Exceptional expenses	—	7,684
Share-based payment charge/(credit) (note 6)	186	(4)
Focus licence fee payable to immediate parent undertaking	53	—

The exceptional expenses relate to additional pension contributions made in the year ended 31 December 2006 to reduce the historic pension deficit (see note 14).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

3. Directors' emoluments

The directors' emoluments disclosed below are borne by the parent company, Provident Financial Management Services Limited, which makes no recharge to the company.

The emoluments disclosed below exclude the emoluments of P S Crook and C D Gillespie, which are paid by the ultimate parent company, Provident Financial plc, and recharged to the parent company, Provident Financial Management Services Limited, as part of a management charge. The disclosure below also excludes the emoluments of L J Stillwell, which are paid by a fellow subsidiary, Vanquis Bank Limited, and which are not recharged to Provident Financial Management Services Limited.

	2007	2006
	£'000	£'000
Aggregate emoluments	3,317	1,349
Company contributions to money purchase pension schemes	21	26
	3,338	1,375

Retirement benefits accrue to 3 directors under a defined benefit scheme (2006: five).

Retirement benefits accrue to 2 directors under a money purchase scheme (2006: three).

4 directors are entitled to shares under the Provident Financial Performance Share Plan (2006: six)

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

	2007	2006
	£'000	£'000
Aggregate emoluments	779	215
Company contributions to money purchase pension schemes	—	12
Defined benefit pension scheme	91	—
	870	227
Defined benefit pension scheme:		
Accrued pension at end of year	38	—

The highest paid director is a member of Provident Financial plc's defined benefit pension scheme and during the year Provident Financial Management Services Limited paid contributions of £90,723 (2006: £12,400).

4. Interest payable and similar charges

	2007	2006
	£'000	£'000
Interest payable on amounts due to parent undertaking	4,211	3,274

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

5. Employee information

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

	2007 Number	2006 Number
Clerical	53	95
Operations	184	228
	237	323

(b) Employment costs — all employees

	2007 £'000	2006 £'000
Wages and salaries	5,991	7,304
Social security costs	546	609
Pension costs (note 14)	241	8,049
Share-based payments	186	(4)
	6,964	15,958

6. Share-based payments

The Provident Financial plc group operates four share schemes: the Long-Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (the ESOS/SESO) and the Performance Share Plan (PSP). During 2007, options have been granted under the SAYE scheme (2006: options granted under the SAYE and ESOS/SESO schemes). For the purposes of assessing the income statement charge/(credit) under FRS 20, the options granted under the SAYE scheme are valued using a binomial option pricing model. The charge to the income statement during the year was £186,000 (2006: credit of £4,000). Of the charge in 2007, £152,000 relates to options granted under the SESO which were cancelled and cash compensation awarded to the holder.

	SAYE	ESOS/SESO	SAYE
Grant date	17-Oct-07	07-Jun-06	21-Oct-06
Share price at grant date (£)	8.73	5.77	6.36
Exercise price (£)	7.16	5.77	4.91
Shares awarded under option (number)	9,733	22,700	22,436
Vesting period (years)	3, 5 and 7	3	3, 5 and 7
Expected volatility	27.8%	25.0%	25.0%
Option life (years)	Up to 7	10	Up to 7
Expected life (years)	Up to 7	5	Up to 7
Risk free rate	4.92%	4.50%	4.50%
Expected dividends expressed as a dividend yield	6.0%	6.0%	6.0%
Fair value per option (£)	1.91-1.96	0.91	1.41-1.45

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds.

6. Share-based payments (continued)

A reconciliation of share award/option movements during the year is shown below:

	ESOS/SESO		SAYE	
2007	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	85,142	6.49	77,970	4.90
Granted	—	—	9,733	7.16
Lapsed	(11,350)	5.77	(8,242)	5.11
Cancelled*	(45,331)	6.02	—	—
Exercised	(7,169)	7.09	(14,841)	4.79
Outstanding at 31 December	21,292	7.66	64,620	5.29
Exercisable at 31 December	6,022	9.79	6,861	5.35

* 45,331 options granted under the SESO were cancelled and cash compensation awarded to the option holder based on the group's average closing mid-market share price in the week commencing 16 July 2007.

Share options outstanding under the ESOS/SESO schemes at 31 December 2007 had a range of exercise prices of 522p to 985p (2006: 522p to 985p) and a weighted average remaining contractual life of 0.8 years (2006: 0.9 years). Share options outstanding under the SAYE schemes at 31 December 2007 had a range of exercise prices of 453p to 716p (2006: 453p to 712p) and a weighted average remaining contractual life of 2.9 years (2006: 2.9 years).

	LTIS		ESOS/SESO		SAYE	
2006	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	—	—	62,442	6.75	128,702	5.09
Granted	—	—	22,700	5.77	22,436	4.91
Expired	—	—	—	—	(36,096)	5.54
Exercised	—	—	—	—	(37,072)	4.95
Outstanding at 31 December	—	—	85,142	6.49	77,970	4.90
Exercisable at 31 December	—	—	32,442	7.20	2,624	5.53

No options were granted to employees of the company in respect of the PSP.

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

7. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2007	2006
	£'000	£'000
UK corporation tax at 30% (2006: 30%)		
Current year	3,165	32
Prior year	(9)	37
Total current tax (note 7(b))	3,156	69
Deferred tax		
Origination and reversal of timing differences	235	239
Change in tax rate — impact on deferred tax liabilities	21	—
Total deferred tax	256	239
Tax on profit on ordinary activities	3,412	308

(b) Factors affecting the tax charge for the year

The tax assessed for the period is lower (2006: lower) than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2007	2006
	£'000	£'000
Profit on ordinary activities before taxation	11,317	1,037
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	3,395	311
Effects of:		
Expenses not deductible for tax purposes	—	3
Depreciation in excess of capital allowances	6	4
Other timing differences	(236)	(286)
Adjustments in respect of prior years	(9)	37
Current tax charge for the year (note 7(a))	3,156	69

Tax assessed in future periods is expected to be below the standard rate of corporation tax in the UK due to deductions for those pension contributions which have been deferred for tax purposes.

The standard rate of Corporation Tax in the UK is currently 30% and changes to 28% with effect from 1 April 2008.

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

8. Dividends

	2007	2006
	£'000	£'000
Dividends in respect of ordinary shares	—	7,000

The directors do not propose a final dividend in respect of the year ended 31 December 2007 (2006: £nil).

The interim dividend paid in 2006 amounted to £206.34 pence per share.

9. Tangible fixed assets

	Freehold land and buildings	Equipment and vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 January 2007	51	4,309	4,360
Transfers to group undertakings	—	(230)	(230)
Additions	—	107	107
Disposals	—	(579)	(579)
At 31 December 2007	51	3,607	3,658
Accumulated depreciation			
At 1 January 2007	30	3,083	3,113
Charge for the year	—	234	234
Transfer to group undertakings	—	(65)	(65)
Disposals	—	(344)	(344)
At 31 December 2007	30	2,908	2,938
Net book value at 31 December 2007	21	699	720
Net book value at 31 December 2006	21	1,226	1,247

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

10. Amounts receivable from customers

(a) *Instalment credit receivables*

	2007 £'000	2006 £'000
Gross instalment credit receivables	134,312	113,825
Less: provision for bad and doubtful debts (note 10(b))	(13,634)	(13,510)
Instalment credit receivables after provision for bad and doubtful debts	120,678	100,315
Less: deferred revenue thereon	(39,043)	(31,001)
	81,635	69,314

(b) *Bad and doubtful debts*

	2007 £'000	2006 £'000
Gross provision as at 31 December (note 10(a))	13,634	13,510
Less: deferred revenue thereon	(4,715)	(4,467)
Net provision as at 31 December	8,919	9,043
Net provision as at 1 January	(9,043)	(7,630)
(Decrease)/Increase in provision net of deferred revenue	(124)	1,413
Amounts written off net of deferred revenue	15,274	13,819
Net charge to profit and loss account for bad and doubtful debts	15,150	15,232

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.

11. Debtors

(a) *Amounts falling due within one year*

	2007 £'000	2006 £'000
Other debtors	399	304
Prepayments	—	9
Deferred tax asset	244	289
	643	602

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

11. Debtors (continued)

(b) Amounts falling due after more than one year

	2007	2006
	£'000	£'000
Deferred tax asset (note 12)	32	255
	32	255

12. Deferred tax

a) Deferred taxation recognised in the accounts is as follows:

	2007	2006
	£'000	£'000
Accelerated capital allowances	32	26
Retirement benefit obligations	229	492
Other timing differences	15	26
	276	544

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

	£'000
Deferred tax asset at 1 January 2007	544
Transfer to profit and loss account reserve (note 16)	(12)
Charge to profit and loss account (note 7a)	(256)
Deferred tax asset at 31 December 2007 (note 11)	276

During the year, as a result of the change in UK Corporation tax rates which will be effective from 1 April 2008, deferred tax balances have been remeasured. Deferred tax relating to timing differences which are expected to reverse prior to 1 April 2008 is measured at a tax rate of 30% and deferred tax relating to timing differences expected to reverse after 1 April 2008 is measured at a tax rate of 28% as these are the tax rates that will apply on reversal. This has resulted in a net charge to the profit and loss account of £21,000.

A deferred tax asset of £12,000 has been transferred to the profit and loss account reserve in respect of lapsed share options/awards.

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

13. Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Bank loans and overdrafts	328	164
Trade creditors	547	530
Amounts owed to parent and other group undertakings	69,979	70,548
Corporation tax	3,165	—
Other taxation and social security	205	198
Other creditors	473	154
Accruals and deferred income	1,245	1,010
	75,942	72,604

Amounts owed to parent and other group undertakings are unsecured and have no fixed date of repayment. Interest is charged at LIBOR related rates.

14. 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. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of meeting the disclosure requirements of FRS17 'Retirement benefits'. The detailed disclosures required by FRS17 have been included within the financial statements of the ultimate parent company, Provident Financial plc.

Independent qualified actuaries undertake regular valuations of the group's schemes. The valuations performed as at 1 June 2006 showed the actuarial value of the assets were sufficient to cover 100% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The defined benefit pension costs of the company for the year were £193,000 (2006: £8,003,000) representing contributions made to the group schemes. Of these costs £nil (2006: £7,684,000) represent exceptional pension contributions made to reduce the historical pension deficit. The group pension scheme has a surplus of £61,500,000 at 31 December 2007 (2006: surplus of £8,900,000), as calculated on an IAS 19 basis.

The company expects to make £171,000 of regular contributions into the defined benefit scheme during 2008.

The two defined benefit schemes were closed to new members from 1 January 2003. For new employees joining the group after 1 January 2003, a stakeholder pension plan was introduced into which members contribute 6% of pensionable earnings and the company contributes 8%. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the profit and loss account includes contributions payable by the company to the fund and amounted to £48,000 for the year ended 31 December 2007 (2006: £46,000).

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

15. Called-up share capital

	2007	2006
	£'000	£'000
Authorised		
50,000 ordinary shares (2006: 50,000) of £0.50 each	25	25
Issued, called-up and fully paid		
33,924 ordinary shares (2006: 33,924) of £0.50 each	17	17

16. Profit and loss account reserve

	£'000
At 1 January 2007	1,566
Retained profit for the year	7,905
Adjustment in respect of share-based payment	186
Cash settlement in respect of share based payment	(152)
Deferred tax on share-based payment	(12)
At 31 December 2007	9,493

The share-based payment charge in the year includes £152,000 in respect of executive share options which were cancelled and settled in the form of cash compensation. As net assets have reduced by £152,000 following the outflow of cash, a corresponding credit of £152,000 has been made to the profit and loss reserve.

17. Reconciliation of movement in equity shareholders' funds

	2007	2006
	£'000	£'000
Profit for the financial year	7,905	729
Dividends	—	(7,000)
Retained profit/(sustained loss) for the year	7,905	(6,271)
Adjustment in respect of share-based payment	186	(4)
Cash settlement in respect of share based payment	(152)	—
Deferred tax on share-based payment	(12)	—
Net increase in/(reduction to) equity shareholders' funds	7,927	(6,275)
Equity shareholders' funds at 1 January	1,584	7,859
Equity shareholders' funds at 31 December	9,511	1,584

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

18. Capital commitments

	2007	2006
	£'000	£'000
Contracted with third parties but not provided for	—	16

19. Related party disclosures

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

There were no other related party transactions.

20. Contingent liabilities

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 £1,200,000,000 (2006: £1,591,900,000). At 31 December 2007 the borrowings amounted to £634,000,000 (2006: £1,021,000,000). No loss is expected to arise.

21. Parent undertaking and controlling party

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.

GREENWOOD PERSONAL CREDIT LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

(Company Number 125150)

GREENWOOD PERSONAL CREDIT LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

GREENWOOD PERSONAL CREDIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

1. Principal activities and review of business

The principal activity of the company is to provide unsecured home credit loans to customers in the UK.

Both the level of business and the year end financial position were satisfactory and the directors expect that the current trends experienced by the company will continue for the foreseeable future.

The company is a wholly owned subsidiary of Provident Financial plc and forms part of the Consumer Credit Division of that company. A full review of the business, results and future prospects of the Consumer Credit Division is set out in the annual report of Provident Financial plc.

2. Results

The profit and loss account for the year is set out on page 6. The retained profit for the year of £6,098,000 (2007: £7,905,000) has been added to reserves.

3. Dividends

In respect of the year ended 31 December 2008, the directors did not pay an interim dividend (2007: £nil). No final dividend is proposed (2007: £nil).

4. Principal risks and uncertainties

The company participates in the group-wide risk management framework of Provident Financial plc. Details of the group's risk management framework together with the group's principal risks and uncertainties are set out in the annual report of Provident Financial plc.

5. Key performance indicators (KPIs)

Provident Financial plc's operations are managed on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the statutory company is not necessary or appropriate for an understanding of the development, performance or position of the Provident Personal Credit business. The development, performance and position of the Consumer Credit Division of Provident Financial plc, which includes the company, is set out in the annual report of Provident Financial plc.

6. Financial risk management

The company participates in the group-wide risk management framework of Provident Financial plc, which incorporates financial risk management. Details of the group's risk management framework, together with the group's principal risks and uncertainties, are set out in the annual report of Provident Financial plc.

GREENWOOD PERSONAL CREDIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7. Directors

The directors of the company during the year ended 31 December 2008, all of whom were directors for the whole year then ended, except where stated, were:

C D Gillespie	Chairman
D C Craggs	
M R Elliott	(appointed 1 January 2008)
J R Gillespie	(appointed 1 January 2008)
C Graham	(resigned 28 February 2009)
M A Palmer	
S D Shaw	
C E F Taylor	

8. 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 Provident Financial plc group's published annual results, team briefings, staff meetings, conferences and annual pensions newsletters. 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 six months' service.

9. Disabled persons

It is the company's policy to make no differentiation between the disabled and the able-bodied in recruitment, career development and promotion. 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.

10. Supplier policy statement

The company agrees the 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 creditor figure represents 13 days of purchases (2007: 10 days).

11. Auditor information

At the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234 ZA of the Companies Act 1985.

GREENWOOD PERSONAL CREDIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

12. Auditors

Pricewaterhouse Coopers LLP will continue as auditors to the company for the next financial year.

BY ORDER OF THE BOARD

E Versluys
Company Secretary
Bradford
31 March 2009

GREENWOOD PERSONAL CREDIT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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 2008 and that applicable accounting standards have been followed.

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 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

E Versluys
Company Secretary
Bradford
31 March 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GREENWOOD PERSONAL CREDIT LIMITED

We have audited the financial statements of Greenwood Personal Credit Limited for the year ended 31 December 2008 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
31 March 2009

GREENWOOD PERSONAL CREDIT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008	2007
		£'000	£'000
TURNOVER	2	77,535	70,316
Cost of sales		(39,897)	(33,272)
GROSS PROFIT		37,638	37,044
Administrative expenses		(25,105)	(21,516)
OPERATING PROFIT		12,533	15,528
Interest payable and similar charges	4	(4,392)	(4,211)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	8,141	11,317
Tax on profit on ordinary activities	7	(2,043)	(3,412)
RETAINED PROFIT FOR THE YEAR	15, 16	6,098	7,905

The results shown in the profit and loss account are derived 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.

GREENWOOD PERSONAL CREDIT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008	2007
		£'000	£'000
FIXED ASSETS			
Tangible assets	8	453	720
CURRENT ASSETS			
Amounts receivable from customers	9	95,930	81,635
Debtors:			
— falling due within one year	10	1,002	643
— falling due after more than one year	10	—	32
Cash at bank and in hand		1,707	2,423
		98,639	84,733
CREDITORS: amounts falling due within one year	12	(83,457)	(75,942)
NET CURRENT ASSETS		15,182	8,791
NET ASSETS		15,635	9,511
CAPITAL AND RESERVES			
Called-up share capital	14	17	17
Share premium account		1	1
Profit and loss account	15	15,617	9,493
EQUITY SHAREHOLDERS' FUNDS	16	15,635	9,511

The financial statements on pages 6 to 20 were approved by the board of directors on 31 March 2009 and were signed on its behalf by:

C D Gillespie

Directors

J R Gillespie

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Principal accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2008 which have been applied on a consistent basis, unless otherwise stated, are 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 the revenue mainly to cover initial expenses.

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, 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 FRS 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 balances are not discounted.

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

1. Principal accounting policies (continued)

(e) Pension scheme arrangements

The company participates in pension arrangements provided on a group basis. The company is unable to identify its share of the underlying assets and liabilities of the Provident Financial plc group's defined benefit pension scheme for the purposes of accounting under FRS 17 'Retirement benefits'. Accordingly, contributions to the scheme are charged to the profit and loss account on an accruals basis.

Contributions to defined contribution schemes are charged to the profit and loss account on an accruals basis.

(f) 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
Land	Nil	—
Freehold buildings	2½	Straight-line
Equipment including computers	10-33⅓	Straight-line
Motor vehicles	25	Reducing balance

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

(g) Operating leases

Operating leases are defined as leases in which a significant portion of the risks and rewards of ownership are retained by the lessor.

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

(h) Dividends

Dividends paid are recognised in the financial statements when they are no longer at the discretion of the company.

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

1. Principal accounting policies (continued)

(i) Share-based payment

The company's ultimate parent company, Provident Financial plc, grants options under senior executive share schemes (ESOS/SESO) and employee savings-related option schemes (typically referred to as Save As You Earn schemes (SAYE)) and makes awards under the Performance Share Plan (PSP) and the Long-Term Incentive Scheme (LTIS).

The cost of providing options and awards to employees is charged to the profit and loss account of the employing company over the vesting period of the related options and awards. The corresponding credit is made to the profit and loss reserve within equity.

The cost of options and awards is based on fair value. For the ESOS / SESO, PSP and SAYE schemes, fair value is determined using a binominal option pricing model. The value of the charge is adjusted at each balance sheet date to reflect expected and actual levels of vesting, with a corresponding adjustment to the profit and loss reserve within equity.

For the LTIS, fair value is determined using a Monte-Carlo option pricing model. The value of the charge is adjusted at each balance sheet date to reflect lapses. As the probability of the awards vesting is taken into account in the initial calculation of the fair value of the awards, no adjustment is made to reflect expected and actual levels of vesting.

In accordance with the transitional provisions of FRS 20 'Share-based payment' the company has elected to apply FRS 20 to grants, options and other equity instruments granted after 7 November 2002 and not vested at 1 January 2005.

2. Turnover and profit on ordinary activities before taxation

The company has one class of business which is carried out wholly in the UK.

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

	2008	2007
	£'000	£'000
Depreciation (note 8)	179	234
Services provided by the company's auditor:		
— Fees payable for the audit	32	31
Costs recharged by ultimate parent company	12	13
Management charge from immediate parent undertaking	11,825	9,997
Loss on sale of tangible fixed assets	18	59
Share-based payment charge (note 6)	26	186
Focus licence fee payable to immediate parent undertaking	783	53

3. Directors' emoluments

The directors' emoluments disclosed below are borne by the parent company, Provident Financial Management Services Limited, which makes no recharge to the company.

The emoluments disclosed below exclude the emoluments of C D Gillespie, which are paid by the ultimate parent company, Provident Financial plc, and recharged to the parent company, Provident Financial Management Services Limited, as part of a management charge.

	2008	2007
	£'000	£'000
Aggregate emoluments	1,501	3,317
Company contributions to money purchase pension schemes	13	21
	1,514	3,338

Retirement benefits accrue to five directors under a defined benefit scheme (2007: three).

Retirement benefits accrue to one director under a money purchase scheme (2007: two).

Seven directors are entitled to shares under the Provident Financial Performance Share Plan (2007: four).

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

	2008	2007
	£'000	£'000
Aggregate emoluments	255	779
Company contributions to money purchase pension schemes	13	—
Defined benefit pension scheme	—	91
	268	870
Defined benefit pension scheme:		
Accrued pension at 31 December	—	38

4. Interest payable and similar charges

	2008	2007
	£'000	£'000
Interest payable on amounts due to ultimate parent undertaking	4,392	4,211

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

5. Employee information

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

	2008	2007
	Number	Number
Clerical	22	53
Operations	169	184
	191	237

(b) Employment costs — all employees

	2008	2007
	£'000	£'000
Wages and salaries	6,018	5,991
Social security costs	594	546
Pension costs (note 13)	211	241
Share-based payment charge (note 6)	26	186
	6,849	6,964

6. Share-based payments

The Provident Financial plc group operates four share schemes: the Long-Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (the ESOS/SESO) and the Performance Share Plan (PSP). During 2008, options have been granted under the SAYE scheme (2007: options granted under the SAYE scheme). For the purposes of assessing the profit and loss account charge under FRS 20, the options under the SAYE scheme are valued using a binomial option pricing model. The charge to the profit and loss account during the year was £26,000 (2007: charge of £186,000). Of the charge in 2007, £152,000 related to shares granted under the SESO which were cancelled and cash compensation awarded to the holder.

	2008 SAYE	2007 SAYE
Grant date	27-Aug-08	17-Oct-07
Share price at grant date (£)	8.94	8.73
Exercise price (£)	7.04	7.16
Shares under option	15,667	9,733
Vesting period (years)	3, 5 and 7	3, 5 and 7
Expected volatility	30.6%-34.6%	27.8%
Option life (years)	Up to 7	Up to 7
Expected life (years)	Up to 7	Up to 7
Risk free rate	4.40%-4.60%	4.92%
Expected dividends expressed as a dividend yield	7.6%	6.0%
Fair value per option (£)	1.68-2.09	1.91-1.96

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds.

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

6. Share-based payments (continued)

A reconciliation of share award/option movements during the year is shown below:

2008	ESOS/SESO Number	ESOS/SESO Weighted average exercise price £	SAYE Number	SAYE Weighted average exercise price £
Outstanding at 1 January	32,642	7.00	64,620	5.29
Granted	—	—	15,667	7.04
Lapsed	(3,920)	9.85	(4,824)	5.50
Exercised	—	—	(11,434)	5.08
Outstanding at 31 December	28,722	6.61	64,029	5.70
Exercisable at 31 December	6,022	9.79	19,170	4.82

Share options outstanding under the ESOS/SESO schemes at 31 December 2008 had a range of exercise prices of 577p to 979p (2007: 577p to 985p) and a weighted average remaining contractual life of 0.4 years (2007: 0.8 years). Share options outstanding under the SAYE schemes at 31 December 2008 had a range of exercise prices of 453p to 716p (2007: 453p to 716p) and a weighted average remaining contractual life of 2.6 years (2007: 2.5 years).

No options were granted to employees of the company in respect of the ESOS/SESO, PSP or LTIS schemes.

2007	ESOS/SESO Number	ESOS/SESO Weighted average exercise price £	SAYE Number	SAYE Weighted average exercise price £
Outstanding at 1 January	85,142	6.49	77,970	4.90
Granted	—	—	9,733	7.16
Lapsed	—	—	(8,242)	5.11
Cancelled*	(45,331)	6	—	—
Exercised	(7,169)	7	(14,841)	4.79
Outstanding at 31 December	32,642	7	64,620	5.29
Exercisable at 31 December	6,022	9.79	6,861	5.35

* During 2007, 45,331 shares granted under the SESO were cancelled and cash compensation awarded to the option holder.

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2008	2007
	£'000	£'000
UK corporation tax at 28.5% (2007: 30.0%)		
Current year	2,100	3,165
Prior year	(208)	(9)
Total current tax (note 7(b))	1,892	3,156
Deferred tax		
Origination and reversal of timing differences (note 11(b))	151	235
Change in tax rate — impact on deferred tax liabilities	—	21
Total deferred tax	151	256
Tax on profit on ordinary activities	2,043	3,412

(b) Factors affecting the tax charge for the year

The tax assessed for the period is lower (2007: lower) than the average standard rate of corporation tax in the UK of 28.5% (2007: 30.0%). The differences are explained below:

	2008	2007
	£'000	£'000
Profit on ordinary activities before taxation	8,141	11,317
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 28.5% (2007: 30%)	2,320	3,395
Effects of:		
Expenses not deductible for tax purposes	3	—
Depreciation in excess of capital allowances	3	6
Other timing differences	(226)	(236)
Adjustments in respect of prior years	(208)	(9)
Current tax charge for the year (note 7(a))	1,892	3,156

8. Tangible fixed assets

	Freehold land and buildings	Equipment and vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 January 2008	51	3,607	3,658
Transfers to group undertakings	—	(24)	(24)
Additions	—	52	52
Disposals	—	(326)	(326)
At 31 December 2008	51	3,309	3,360
Accumulated depreciation			
At 1 January 2008	30	2,908	2,938
Charge for the year	—	179	179
Transfers to group undertakings	—	(6)	(6)
Disposals	—	(204)	(204)
At 31 December 2008	30	2,877	2,907
Net book value at 31 December 2008	21	432	453
Net book value at 31 December 2007	21	699	720

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

9. Amounts receivable from customers

(a) Instalment credit receivables

	2008	2007
	£'000	£'000
Gross instalment credit receivables	163,120	134,312
Less: provision for bad and doubtful debts (note 9(b))	(18,833)	(13,634)
Instalment credit receivables after provision for bad and doubtful debts	144,287	120,678
Less: deferred revenue thereon	(48,357)	(39,043)
	95,930	81,635

(b) Bad and doubtful debts

	2008	2007
	£'000	£'000
Gross provision as at 31 December (note 9(a))	18,833	13,634
Less: deferred revenue thereon	(6,610)	(4,715)
Net provision as at 31 December	12,223	8,919
Net provision as at 1 January	(8,919)	(9,043)
Increase/(decrease) in provision, net of deferred revenue	3,304	(124)
Amounts written off, net of deferred revenue	16,688	15,274
Net charge to profit and loss account for bad and doubtful debts	19,992	15,150

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.

10. Debtors

(a) Amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed by parent and other group undertakings	600	—
Other debtors	198	399
Prepayments	79	—
Deferred tax asset (note 11)	125	244
	1,002	643

Amounts owed by parent and other group undertakings are unsecured and have no fixed date of repayment. Interest is charged at LIBOR related rates.

(b) Amounts falling due after more than one year

	2008 £'000	2007 £'000
Deferred tax asset (note 11)	—	32

11. Deferred tax

(a) Deferred tax recognised in the accounts is as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	38	32
Retirement benefit obligations	—	229
Other timing differences	87	15
	125	276

(b) The movement in deferred tax during the year is as follows:

	£'000
Deferred tax asset at 1 January 2008	276
Charge to profit and loss account (note 7a)	(151)
Deferred tax asset at 31 December 2008 (note 10a)	125

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

12. Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Bank loans and overdrafts	104	328
Trade creditors	505	547
Amounts owed to parent and other group undertakings	78,973	69,979
Corporation tax	2,100	3,165
Other taxation and social security	150	205
Other creditors	403	473
Accruals and deferred income	1,222	1,245
	83,457	75,942

Amounts owed to parent and other group undertakings are unsecured and have no fixed date of repayment. Interest is charged at rates linked to LIBOR.

13. Pension schemes

The Provident Financial plc group has historically operated two major defined benefit schemes; the Provident Financial Senior Pension Scheme ('the senior scheme') and the Provident Financial Staff Pension Scheme ('the staff pension scheme'). On 1 September 2008, the senior pension scheme was merged into the staff pension scheme, and the group now operates one major defined benefit scheme; the staff pension scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme for the purposes of meeting the disclosure requirements of FRS 17 'Retirement benefits'. The detailed disclosures required by FRS 17 have been included within the financial statements of the ultimate parent company, Provident Financial plc.

Independent qualified actuaries undertake regular valuations of the group's scheme. The valuation performed as at 1 June 2006 showed the actuarial value of the assets were sufficient to cover 100% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The defined benefit pension costs of the company for the year were £156,000 (2007: £193,000) representing contributions made to the group schemes. The group pension scheme has a surplus of £50,900,000 at 31 December 2008 (2007: surplus of £61,500,000), as calculated on an IAS 19 basis.

The company expects to make £234,000 of regular contributions to the defined benefit scheme during 2009.

The defined benefit scheme was closed to new members from 1 January 2003. For new employees joining the group after 1 January 2003, a stakeholder pension plan was introduced into which members contribute between 3% and 8% of pensionable earnings and the company contributes between 5% and 10%. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the profit and loss account includes contributions payable by the company to the fund and amounted to £55,000 for the year ended 31 December 2008 (2007: £48,000).

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

14. Called-up share capital

	2008	2007
	£'000	£'000
Authorised		
50,000 ordinary shares (2007: 50,000) of £0.50 each	25	25
Issued, called-up and fully paid		
33,924 ordinary shares (2007: 33,924) of £0.50 each	17	17

15. Profit and loss account reserve

	£'000
At 1 January 2008	9,493
Retained profit for the year	6,098
Share-based payment charge	26
At 31 December 2008	15,617

16. Reconciliation of movement in equity shareholders' funds

	2008	2007
	£'000	£'000
Retained profit for the year	6,098	7,905
Share-based payment charge	26	186
Cash settlement in respect of share-based payment	—	(152)
Deferred tax on share-based payment	—	(12)
Net increase in equity shareholders' funds	6,124	7,927
Equity shareholders' funds at 1 January	9,511	1,584
Equity shareholders' funds at 31 December	15,635	9,511

GREENWOOD PERSONAL CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

17. Capital commitments

The company had no capital commitments contracted with third parties but not provided for at 31 December 2008 (2007: £nil).

18. Related party disclosures

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 financial statements of Provident Financial plc.

There were no other related party transactions.

19. Contingent liabilities

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 £1,102,500,000 (2007: £1,200,000,000). At 31 December 2008, the borrowings amounted to £828,500,000 (2007: £634,000,000). No loss is expected to arise.

20. Parent undertaking and controlling party

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.

PROVIDENT INVESTMENTS plc

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

(Company Number 04541509)

PROVIDENT INVESTMENTS plc

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

PROVIDENT INVESTMENTS plc

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007.

1. Principal activities and review of business

The principal activity of the company is to provide finance and loans to Provident Financial plc and its subsidiary companies.

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 5. The sustained loss for the year of £28,000 (2006: retained profit of £14,000) has been deducted from (2006: transferred to) reserves.

3. Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2007 (2006: £nil).

4. Directors

The directors of the company during the year to 31 December 2007, all of whom were directors for the whole of the year then ended, except where stated, were:

K J Mullen	(Chairman)	(appointed 16 July 2007)
E G Versluys		
J A Harnett		(resigned 16 July 2007)
R J Marshall Smith		(resigned 16 July 2007)

5. Principal risks and uncertainties

The directors of Provident Financial plc manage the group's risks at a group level rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Provident Investments plc's business. The principal risks and uncertainties of Provident Financial plc, which include those of the company, are discussed in the directors' report section of the group's annual report which does not form part of this report.

6. Key performance indicators (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

PROVIDENT INVESTMENTS plc

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

7. Auditor information

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of the relevant audit information and to establish that the company's auditors are aware of that information.

BY ORDER OF THE BOARD

E G Versluys
Company Secretary
Bradford
29 August 2008

PROVIDENT INVESTMENTS plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

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 2007 and that applicable accounting standards have been followed.

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 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

E G Versluys
Company Secretary
Bradford
29 August 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROVIDENT INVESTMENTS plc

We have audited the financial statements of Provident Investments plc for the year ended 31 December 2007 which comprise the profit and loss account, the statement of retained profits, 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
29 August 2008

PROVIDENT INVESTMENTS plc

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007	2006
		£'000	£'000
Administrative expenses		(6)	(4)
OPERATING LOSS	2	(6)	(4)
Interest receivable and similar income	5	16,043	16,065
Interest payable and similar charges	6	(16,077)	(16,037)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(40)	24
Tax credit/(charge) on (loss)/profit on ordinary activities	7	12	(10)
(SUSTAINED LOSS)/RETAINED PROFIT FOR THE YEAR	13	(28)	14

STATEMENT OF RETAINED PROFITS

	2007	2006
	£'000	£'000
Retained profit at 1 January	6,107	6,093
(Sustained loss)/retained profit for the year	(28)	14
Retained profit at 31 December	6,079	6,107

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 sustained loss for the year stated above and their historical cost equivalents.

PROVIDENT INVESTMENTS plc

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £'000	2006 £'000
NON-CURRENT ASSETS			
Debtors — amounts falling due after more than one year	8	240,654	242,168
CURRENT ASSETS			
Debtors — amounts falling due within one year	9	9,659	9,612
Cash		1	1
		9,660	9,613
CREDITORS — amounts falling due within one year	10	(3,531)	(3,457)
NET CURRENT ASSETS		6,129	6,156
CREDITORS — amounts falling due after more than one year	11	(240,654)	(242,167)
NET ASSETS		6,129	6,157
CAPITAL AND RESERVES			
Called-up share capital	12	50	50
Profit and loss account		6,079	6,107
EQUITY SHAREHOLDER'S FUNDS	13	6,129	6,157

These financial statements on pages 5 to 12 were approved by the board of directors on 29 August 2008 and were signed on its behalf by:

K J Mullen Director

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Principal accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2007 which have been applied on a consistent basis, unless otherwise stated, are set out below:

(a) 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.

(b) Foreign currencies

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 translated at the year end exchange rates.

Exchange differences are taken to the profit and loss account.

(c) Financial instruments

The company uses cross currency swap arrangements to hedge exposures to fluctuations in foreign exchange rates. Cross currency swap arrangements are accounted for on a gross basis with the asset and related liability being recognised in the balance sheet. Interest on the asset and related liability are taken to the profit and loss account on an accruals basis.

2. Operating loss

Operating loss is stated after charging:

	2007	2006
	£'000	£'000
Services provided by the company's auditors:		
— fees payable for the audit	2	2

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

3. Directors' emoluments

The emoluments of the directors are paid by the parent company, Provident Financial plc, which makes no recharge to the company (2006: no recharge).

Retirement benefits accrue to no directors (2006: one director) under a defined benefit scheme and to two (2006: two) directors under a money purchase scheme.

No directors exercised share options over shares of the company's parent company, Provident Financial plc, in 2006 or 2007.

4. Employee information

The company has no employees (2006: no employees).

5. Interest receivable and similar income

	2007	2006
	£'000	£'000
Interest receivable from parent undertaking	9,292	8,723
Interest receivable on cross currency swaps	6,751	7,342
	16,043	16,065

6. Interest payable and similar charges

	2007	2006
	£'000	£'000
Interest payable on loan notes	6,892	7,483
Interest payable on cross currency swaps	9,086	8,517
Other interest payable	99	37
	16,077	16,037

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

7. Tax credit/(charge) on (loss)/profit on ordinary activities

(a) Analysis of tax credit/(charge) in the year

	2007 £'000	2006 £'000
UK corporation tax credit/(charge)	12	(7)
Adjustment in respect of previous years	—	(3)
Total tax credit/(charge) (note 7 (b))	12	(10)

(b) Factors affecting the tax credit/(charge) for the year

The tax credit assessed for the year is in line with (2006 charge: higher than) the standard rate of corporation tax in the UK of 30% as shown below:

	2007 £'000	2006 £'000
(Loss)/profit on ordinary activities before taxation	(40)	24
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%)	12	(7)
Adjustments in respect of previous years	—	(3)
Current tax credit/(charge) for the year (note 7(a))	12	(10)

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008.

8. Debtors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Amounts due from parent undertaking	131,318	131,318
Amounts due from swap counterparties	109,336	110,850
	240,654	242,168

Amounts due from the parent undertaking and amounts due from swap counterparties are unsecured, due for repayment in more than one year, and accrue interest at LIBOR related rates.

9. Debtors: amounts falling due within one year

	2007	2006
	£'000	£'000
Amounts due from parent undertaking	7,369	7,396
Amounts due from fellow subsidiary undertakings	7	—
Accrued interest receivable	1,931	1,917
Other debtors and prepayments	340	299
Corporation tax recoverable	12	—
	9,659	9,612

Amounts due from the parent undertaking and fellow subsidiary undertakings are unsecured, due for repayment within one year and do not accrue interest.

10. Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Amounts due to fellow subsidiary undertakings	7	28
Accrued interest payable	3,524	3,429
	3,531	3,457

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

11. Creditors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Loan notes	111,337	112,850
Amounts due to swap counterparties	129,317	129,317
	240,654	242,167

On 12 August 2005 the company issued loan notes as follows:

(i) US$30,000,000 of 6.02% loan notes repayable on 12 August 2011;

(ii) US$67,000,000 of 6.45% loan notes repayable on 12 August 2014; and

(iii) £2,000,000 of 7.01% loan notes repayable on 12 August 2014.

On 24 April 2003 the company issued loan notes as follows:

(i) US$44,000,000 of 5.81% loan notes repayable on 24 April 2010; and

(ii) US$76,000,000 of 6.34% loan notes repayable on 24 April 2013.

Amounts due to swap counterparties comprise the following;

(i) £16,242,556 repayable on 12 August 2011 attracting interest at LIBOR related rates;

(ii) £36,275,041 repayable on 12 August 2014 attracting interest at LIBOR related rates;

(iii) £28,160,000 repayable on 24 April 2010 attracting interest at 6.59%; and

(iv) £48,640,000 repayable on 24 April 2013 attracting interest at 6.77%.

12. Called-up share capital

	2007	2006
	£'000	£'000
Authorised		
50,000 (2006: 50,000) ordinary shares of £1 each	50	50
Allotted, called-up and fully paid		
50,000 (2006: 50,000) ordinary shares of £1 each	50	50

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

13. Reconciliation of movements in equity shareholders' funds

	2007 £'000	2006 £'000
(Loss)/profit for the financial year	(28)	14
Equity shareholders' funds as at 1 January	6,157	6,143
Equity shareholders' funds as at 31 December	6,129	6,157

14. Related party disclosures

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.

There were no other related party transactions.

15. Contingent liabilities

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 £1,065,700,000 (2006: £1,457,600,000). At 31 December 2007 the borrowings amounted to £499,700,000 (2006: £886,700,000). No loss is expected to arise.

16. Parent undertaking and controlling party

The immediate 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.

PROVIDENT INVESTMENTS plc

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

(Company Number 04541509)

PROVIDENT INVESTMENTS plc

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

PROVIDENT INVESTMENTS plc

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

1. Principal activities and review of business

The principal activity of the company is to provide finance and loans to Provident Financial plc and its subsidiary companies.

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 5. The retained profit for the year of £44,000 (2007: sustained loss of £28,000) has been transferred to (2007: deducted from) reserves.

3. Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2008 (2007: £nil).

4. Directors

The directors of the company during the year to 31 December 2008, all of whom were directors for the whole of the year then ended, were:

K J Mullen . . . . (Chairman)

E G Versluys . . . .

A C Fisher . . . . (appointed 25 March 2008)

5. Principal risks and uncertainties and financial risk management

The company participates in the group-wide risk management framework of Provident Financial plc, which incorporates financial risk management. Details of the group's risk management framework, together with the group's principal risks and uncertainties, are set out in the annual report of Provident Financial plc.

6. Key performance indicators (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

PROVIDENT INVESTMENTS plc

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7. Auditor information

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of the relevant audit information and to establish that the company's auditors are aware of that information.

8. Auditors

PricewaterhouseCoopers LLP will continue as auditors for the next financial year.

BY ORDER OF THE BOARD

E G Versluys
Company Secretary
Bradford
16 October 2009

PROVIDENT INVESTMENTS plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 year. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

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 2008 and that applicable accounting standards have been followed.

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 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

E G Versluys
Company Secretary
Bradford
16 October 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROVIDENT INVESTMENTS plc

We have audited the financial statements of Provident Investments plc for the year ended 31 December 2008 which comprise the profit and loss account, the statement of retained profits, 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
16 October 2009

PROVIDENT INVESTMENTS plc

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Administrative expenses		(7)	(6)
OPERATING LOSS	2	(7)	(6)
Interest receivable and similar income	5	16,567	16,043
Interest payable and similar charges	6	(16,499)	(16,077)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		61	(40)
Tax (charge)/credit on profit/(loss) on ordinary activities	7	(17)	12
RETAINED PROFIT/(SUSTAINED LOSS) FOR THE YEAR	13	44	(28)

STATEMENT OF RETAINED PROFITS

	2008 £'000	2007 £'000
Retained profit at 1 January	6,079	6,107
Retained profit/(sustained loss) for the year	44	(28)
Retained profit at 31 December	6,123	6,079

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 profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

PROVIDENT INVESTMENTS plc

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
CURRENT ASSETS			
Debtors — amounts falling due within one year	9	10,206	9,659
— amounts falling due after more than one year	8	277,684	240,654
Cash		22	1
		287,912	250,314
CREDITORS — amounts falling due within one year	10	(4,055)	(3,531)
NET CURRENT ASSETS		283,857	246,783
CREDITORS — amounts falling due after more than one year	11	(277,684)	(240,654)
NET ASSETS		6,173	6,129
CAPITAL AND RESERVES			
Called-up share capital	12	50	50
Profit and loss account		6,123	6,079
EQUITY SHAREHOLDERS' FUNDS	13	6,173	6,129

The financial statements on pages 5 to 12 were approved by the board of directors on 16 October 2009 and were signed on its behalf by:

K J Mullen — Director
E G Versluys — Director

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Principal accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. In accordance with section 228 of the Companies Act 1985, consolidated financial statements are not presented, as the company is a wholly owned subsidiary of Provident Financial plc, a company incorporated in the United Kingdom. A summary of the principal accounting policies applied in preparing the financial statements of the company is set out below:

(a) Cash flow statement

As permitted by FRS 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.

(b) Foreign currencies

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 translated at the year end exchange rates.

Exchange differences are taken to the profit and loss account.

(c) Financial instruments

The company uses cross currency swap arrangements to hedge exposures to fluctuations in foreign exchange rates. Cross currency swap arrangements are accounted for on a gross basis with the asset and related liability being recognised in the balance sheet. Interest on the asset and related liability are taken to the profit and loss account on an accruals basis.

2. Operating loss

Operating loss is stated after charging:

	2008	2007
	£'000	£'000
Services provided by the company's auditors:		
— fees payable for the audit	2	2

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

3. Directors' emoluments

The emoluments of the directors are paid by the parent company, Provident Financial plc, which makes no recharge to the company (2007: no recharge).

Retirement benefits accrue to no directors (2007: no director) under a defined benefit scheme and to two directors (2007: two directors) under a money purchase scheme.

No directors exercised share options over shares of the company's parent company, Provident Financial plc, in 2007 or 2008.

The directors of the company are also directors of a number of subsidiary companies and it is not possible to make an accurate apportionment of their services in relation to the company.

4. Employee information

The company has no employees (2007: no employees).

5. Interest receivable and similar income

	2008	2007
	£'000	£'000
Interest receivable from parent undertaking	9,165	9,292
Interest receivable on cross currency swaps	7,402	6,751
	16,567	16,043

6. Interest payable and similar charges

	2008	2007
	£'000	£'000
Interest payable on loan notes	7,400	6,892
Interest payable on cross currency swaps	9,099	9,086
Other interest payable	—	99
	16,499	16,077

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7. Tax (charge)/credit on profit/(loss) on ordinary activities

(a) Analysis of tax (charge)/credit in the year

	2008 £'000	2007 £'000
UK corporation tax (charge)/credit on profit/(loss) for the year	(17)	12
Total tax (charge)/credit (note 7(b))	(17)	12

(b) Factors affecting the tax (charge)/credit for the year

The tax charge assessed for the year is in line with (2007 credit: in line with) the average standard rate of corporation tax in the UK of 28.5% (2007: 30.0%) as shown below:

	2008 £'000	2007 £'000
Profit/(loss) on ordinary activities before taxation	61	(40)
Profit/(loss) on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 28.5% (2007: 30.0%)	(17)	12
Current tax (charge)/credit for the year (note 7(a))	(17)	12

8. Debtors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts due from parent undertaking	131,318	131,318
Amounts due from swap counterparties	146,366	109,336
	277,684	240,654

Amounts due from the parent undertaking and amounts due from swap counterparties are unsecured, due for repayment after more than one year, and accrue interest at rates linked to LIBOR.

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

9. Debtors: amounts falling due within one year

	2008	2007
	£'000	£'000
Amounts due from ultimate parent undertaking	7,298	7,369
Amounts due from fellow subsidiary undertakings	17	7
Accrued interest receivable	2,557	1,931
Other debtors and prepayments	334	340
Corporation tax recoverable	—	12
	10,206	9,659

Amounts due from the parent undertaking and fellow subsidiary undertakings are unsecured, due for repayment within one year and do not accrue interest.

10. Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Amounts due to fellow subsidiary undertakings	5	7
Accrued interest payable	4,012	3,524
Other creditors	20	—
Corporation tax payable	18	—
	4,055	3,531

11. Creditors: amounts falling due after more than one year

	2008	2007
	£'000	£'000
Loan notes	148,367	111,337
Amounts due to swap counterparties	129,317	129,317
	277,684	240,654

PROVIDENT INVESTMENTS plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

11. Creditors: amounts falling due after more than one year (continued)

On 12 August 2005, the company issued loan notes as follows:

(i) US$30,000,000 of 6.02% loan notes repayable on 12 August 2011;

(ii) US$67,000,000 of 6.45% loan notes repayable on 12 August 2014; and

(iii) £2,000,000 of 7.01% loan notes repayable on 12 August 2014.

On 24 April 2003, the company issued loan notes as follows:

(iv) US$44,000,000 of 5.81% loan notes repayable on 24 April 2010; and

(v) US$76,000,000 of 6.34% loan notes repayable on 24 April 2013.

Amounts due to swap counterparties comprise the following:

(vi) £16,242,556 repayable on 12 August 2011 attracting interest at LIBOR related rates;

(vii) £36,275,041 repayable on 12 August 2014 attracting interest at LIBOR related rates;

(viii) £28,160,000 repayable on 24 April 2010 attracting interest at 6.59%; and

(ix) £48,640,000 repayable on 24 April 2013 attracting interest at 6.77%.

12. Called-up share capital

	2008	2007
	£'000	£'000
Authorised		
50,000 (2007: 50,000) ordinary shares of £1 each	50	50
Allotted, called-up and fully paid		
50,000 (2007: 50,000) ordinary shares of £1 each	50	50

13. Reconciliation of movements in equity shareholders' funds

	2008	2007
	£'000	£'000
Profit/(loss) for the financial year	44	(28)
Equity shareholders' funds as at 1 January	6,129	6,157
Equity shareholders' funds as at 31 December	6,173	6,129

14. Related party disclosures

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.

There were no other related party transactions.

15. Contingent liabilities

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 £971,200,000 (2007: £1,065,700,000). At 31 December 2008, the borrowings amounted to £697,200,000 (2007: £499,700,000). No loss is expected to arise.

16. Parent undertaking and controlling party

The immediate 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.

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Provident Financial Management Services Limited
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