PROVIDENT FINANCIAL

IFRS briefing

27 April 2005

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Our presentation today

> Introduction	– Richard Heels
> Recap on group impact	– Richard Heels
> Revenue and impairment	
> Home Credit	– Richard Heels/Gary Thompson
> Coffee break (11.30am)	
> Revenue and impairment	
> Yes Car Credit	– Gary Thompson
> Vanquis Bank	– Gary Shaw
> Motor insurance	– Gary Shaw
> Other adjustments	– Gary Shaw
> Summary	– John Harnett
> Wrap up (12.45pm)	

Introduction

- Purpose of briefing – to give additional understanding of the impact of IFRS on the group
- Pro forma 2004 IFRS figures given in the preliminary announcement
- 2005 accounts in accordance with EU adopted IFRS
- First IFRS results for June 2005 half year
- 18 month project
- Significant amount of resources invested in IFRS project

Key differences

- Profit before tax and goodwill amortisation in 2004 down 6.9% (post goodwill amortisation down by 4.9%)
  - Slower revenue recognition
  - Earlier impairment recognition
  - No change in underlying profitability or credit quality
- Net assets at December 2004 down £112 million from £526 million to £414 million
  - Pension deficit on balance sheet
  - Larger bad debt / impairment provision

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UK GAAP to IFRS reconciliations

	PBT 2004 £m	Net assets 2004 £m
UK GAAP	216.1	525.5
Revenue and impairment	(13.8)	(52.0)
Pensions	1.5	(115.8)
Derivatives	(1.6)	(1.0)
Dividends	-	52.7
Goodwill	4.6	4.6
Share-based payments	(1.3)	0.1
IFRS	205.5	414.1
Change £m	(10.6)	(111.4)
Change %	(4.9%)	(21.2%)

*UK GAAP PBT is stated after goodwill amortisation. UK GAAP PBT before goodwill amortisation is £220.7m

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Divisional results

	IFRS 2004 £m	UK GAAP 2004 £m
UK home credit	154.0	152.3
Yes Car Credit	(2.7)	4.4
Vanquis Bank	(9.0)	(8.7)
UK consumer credit	142.3	148.0
International	39.8	49.2
Motor insurance	34.6	34.6
Total central costs	(11.2)	(11.1)
Goodwill amortisation	-	(4.6)
Group profit before tax	205.5	216.1

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Revenue and impairment

	PBT 2004 £m	Net assets 2004 £m
UK GAAP	216.1	525.5
Revenue and impairment	(13.8)	(52.0)
Pensions	1.5	(115.8)
Derivatives	(1.6)	(1.0)
Dividends	-	52.7
Goodwill	4.6	4.6
Share-based payments	(1.3)	0.1
IFRS	205.5	414.1

*Net asset impacts are stated after taking account of deferred tax

Revenue and impairment

	Revenue £m	Impairment £m	PBT £m
UK home credit	67.9	(66.7)	1.2
International	36.2	(43.9)	(7.7)
Yes Car Credit	(9.7)	2.7	(7.0)
Vanquis Bank	(0.8)	0.5	(0.3)
Motor insurance	-	-	-
Central	-	-	-
2004 IFRS impact	93.6	(107.4)	(13.8)

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Home credit: Revenue

	Revenue £m	Impairment £m	PBT £m
UK home credit	67.9	(66.7)	1.2
International	36.2	(43.9)	(7.7)
Yes Car Credit	(9.7)	2.7	(7.0)
Vanquis Bank	(0.8)	0.5	(0.3)
Motor insurance	-	-	-
Central	-	-	-
2004 IFRS impact	93.6	(107.4)	(13.8)

Home credit: Revenue

- UK GAAP
  - No accounting standard on revenue recognition
  - Differing valid interpretations
  - Provident Financial existing policy
    - Match revenue with cash costs and collections
- IFRS
  - Detailed prescriptive rules for revenue
  - Consistent treatment between companies
  - Revenue recognised to give a constant return on assets
  - Revenue not matched to cash

Home credit: UK GAAP revenue

- Revenue fixed at the outset of the agreement
- 2 main elements to revenue recognition
  - Initial release (circa 14% of revenue)
  - Collections release (remainder of revenue)

Home credit: UK GAAP revenue

Simple example

- Loan of £100 repayable over 55 weeks at £3 per week
- Total amount payable (TAP) of £165
- £65 of revenue earned over life of loan (deferred revenue)
- £10 of revenue released on day 1 (initial release) to cover issue costs
- Remaining £55 recognised in line with collections
- No collections = no revenue

Home credit: UK GAAP revenue

	TAP £	Deferred revenue £	Net debtor £	Revenue £	Collections £
Issue loan	165.00	(65.00)	100.00	-	-
Day 1	165.00	(55.00)	110.00	10.00	-
Week 1	162.00	(54.00)	108.00	1.00	(3.00)
Week 2	159.00	(53.00)	106.00	1.00	(3.00)
Week 3	156.00	(52.00)	104.00	1.00	(3.00)
Week 54	3.00	(1.00)	2.00	1.00	(3.00)
Week 55	-	-	-	1.00	(3.00)
Total	-	-	-	65.00	(165.00)

Home credit: IFRS revenue

- Covered by IAS 39 “Financial Instruments: Recognition and Measurement”
- Detailed and prescriptive – little room for differing practices
- Key features
  - No initial release
  - Accrue interest at constant rate
    - Effective interest rate (EIR) - similar to the APR
    - Detailed rules for calculating the EIR

Calculation of effective interest rate

"The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability"

- Use contractual cash flows (APR)
- Must include estimation of customers settling early
- Cannot include the impact of late and non-payers

Home credit: IFRS revenue

Simple example

- Same example as before
  - Loan of £100 repayable over 55 weeks at £3 per week
  - Total amount payable (TAP) of £165
- £65 of revenue earned over life of loan at EIR
- No initial release
- No link with collections
- EIR of 177% used to recognise revenue
  - Equivalent to 1.979% per week

Home credit: IFRS revenue

	TAP £	Deferred revenue £	Net debtor £	Revenue £	Collections £
Issue loan	165.00	-	100.00	-	-
Day 1	-	-	-	-	-
Week 1	162.00	-	98.98	1.98	(3.00)
Week 2	159.00	-	97.94	1.96	(3.00)
Week 3	156.00	-	96.88	1.94	(3.00)
Week 54	3.00	-	2.94	0.12	(3.00)
Week 55	-	-	-	0.06	(3.00)
Total	-	-	-	65.00	(165.00)

Home credit: Revenue comparison

Summary of examples

- Total revenue unchanged
- Loss of initial release under IFRS
- Weekly profile differs
- Negative impact on growing book
- Exacerbated by seasonality

	IFRS revenue £	UK GAAP revenue £
Day 1	-	10.00
Week 1	1.98	1.00
Week 2	1.96	1.00
Week 3	1.94	1.00
Week 54	0.12	1.00
Week 55	0.06	1.00
Total	65.00	65.00

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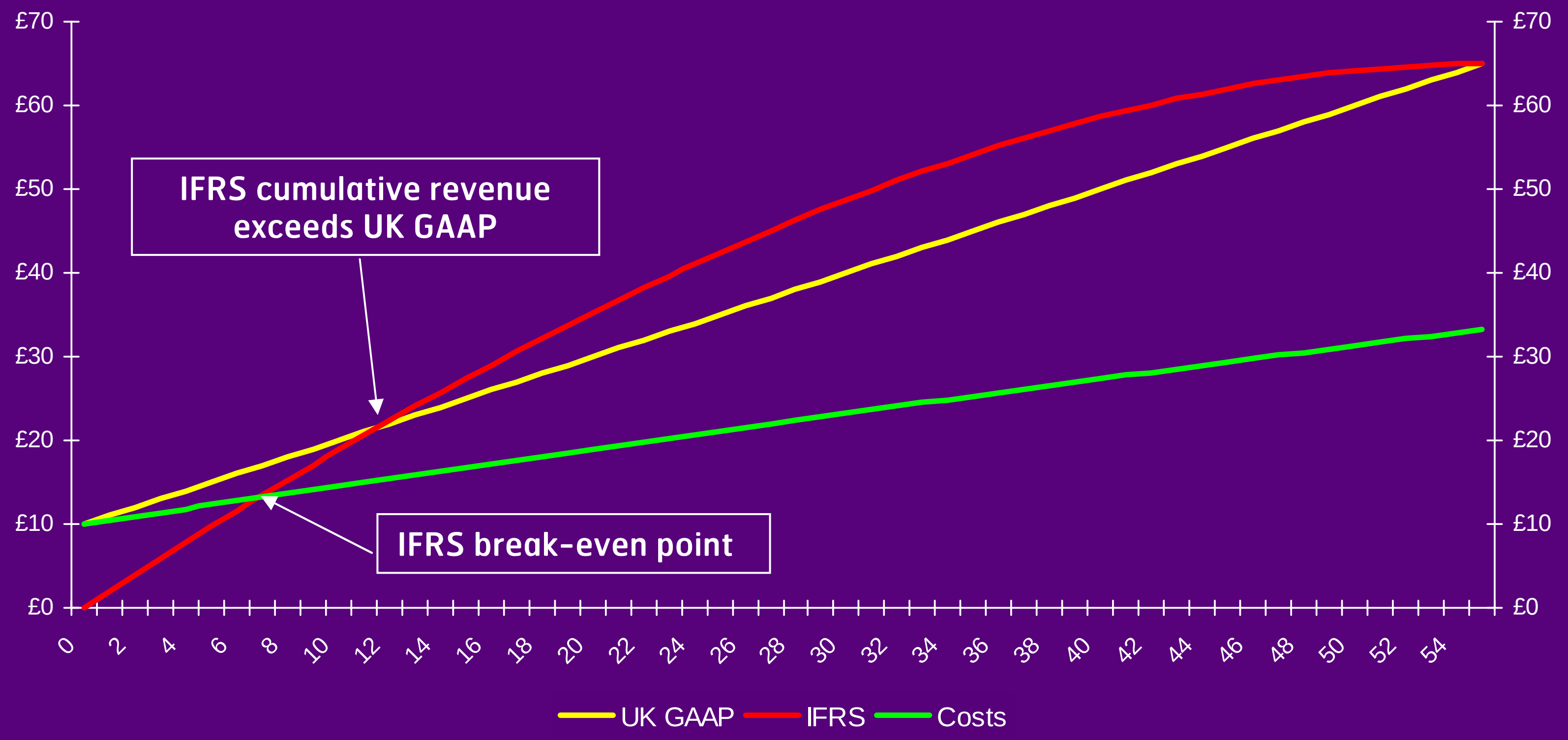
Home credit: Revenue comparison

UK home credit - relationship of cumulative revenue to cumulative costs incurred (excluding bad debt)



Questions

Home credit: Bad debt / impairment

"Impairment" is not the same as "bad debt"

Home credit: Impairment

	Revenue £m	Impairment £m	PBT £m
UK home credit	67.9	(66.7)	1.2
International	36.2	(43.9)	(7.7)
Yes Car Credit	(9.7)	2.7	(7.0)
Vanquis Bank	(0.8)	0.5	(0.3)
Motor insurance	-	-	-
Central	-	-	-
2004 IFRS impact	93.6	(107.4)	(13.8)

Home credit: UK GAAP bad debt

- No accounting standard on bad debt provisioning
- Differing valid interpretations
- Start point – missed payment
- Estimate future cash flows based upon statistical analysis
- Provide for estimated cash loss

Home credit: IFRS impairment

- Detailed prescriptive rules for impairment
- Consistent treatment between companies
- Trigger event – missed payment
- Estimate future cash flows based upon statistical analysis
- Discount expected cash flows at EIR
- Compare value of discounted cash flows to balance sheet value of loan
- Make impairment provision for the difference

Home credit: Impairment / bad debt

	IFRS	UK GAAP
Trigger event	Missed payment	Missed payment
Step 1	Review past payment history	Review past payment history
Step 2	Estimate future cash collection	Estimate future cash collection
Step 3	Estimate timing of cash collections	N/A
Step 4	Discount at EIR	N/A
Step 5	Provision based on discounted cash flow	Provide based on cash loss

Home credit: IFRS impairment

Impairment is not the same as bad debt

=

Bad debt

Expected cash loss

+

Impact of discount

Impairment

Home credit: Impairment example

- As in previous example
  - Loan of £100 repayable over 55 weeks at £3 per week
  - TAP of £165
- £45 received up to week 16 (15 weeks at £3 per week)
- Week 16 payment is missed – the trigger event
- Expected repayments are now
  - £87 received between weeks 17 and 61
  - £132 in total compared to contract of £165
- Loss on TAP of £33 (£165 less £132 collected)

Home credit: Impairment example

	IFRS	UK GAAP
Week 16	Missed payment	Missed payment
Step 1	Review past payment history	Review past payment history
Step 2	Future cash collections of £87	Future cash collections of £87
Step 3	Between weeks 17 and 61	N/A
Step 4	Discounted at EIR to £60	N/A
Step 5	Provision of £24 required	Provision of £22 required

Provision is 9% higher under IFRS due to impact of discounting

Home credit: UK GAAP bad debt

Weeks 1 - 16

	TAP	Deferred revenue	Net debtor	Revenue	Collections	Bad debt provision
	£	£	£	£	£	£
Issue loan	165	(65)	100	-	-	-
Day 1	165	(55)	110	10	-	-
Week 1	162	(54)	108	1	(3)	-
Week 2	159	(53)	106	1	(3)	-
Week 3	156	(52)	104	1	(3)	-
Weeks 4 to 15	120	(41)	79	12	(36)	-
Week 16	120	(41)	79	-	-	(22)

Home credit: UK GAAP bad debt

Calculation of expected cash loss

	TAP £	Collections £	Deferred revenue £	Revenue £	Net debtor £	Bad debt provision £
Week 16	120	-	(41)	-	79	-
Week 17	117	(3)	(40)	1	77	-
Week 18	114	(3)	(39)	1	75	-
Week 19	111	(3)	(38)	1	73	-
Weeks 20 to 61	33	(78)	(11)	26	22	(22)

Each £3 collection repays £2 principal. Total of £33 will not be collected. Therefore we make a £22 bad debt provision plus £11 of deferred revenue will not be recognised.

Home credit: UK GAAP bad debt

Summary of example

- Loan of £100
- TAP of £165
- Expected profit of £65
- Actual collections of £132
- Cash of £33 not collected
- Profit of £32

Summary profit and loss

	£
Revenue	54
Bad debt charge	(22)
Profit	32

Closing balance sheet

	£
TAP	33
Deferred revenue	(11)
	22
Bad debt provision	(22)
	-

Home credit: IFRS impairment

. . . . . now the same example under IFRS!

Home credit: IFRS impairment

	TAP	Deferred revenue	Net Debtor	Revenue	Collections	Impairment
	£	£	£	£	£	£
Issue loan	165.00	-	100.00	-	-	-
Day 1	-	-	-	-	-	-
Week 1	162.00	-	98.98	1.98	(3.00)	-
Week 2	159.00	-	97.94	1.96	(3.00)	-
Week 3	156.00	-	96.88	1.94	(3.00)	-
Weeks 4 to 15	120.00	-	82.37	21.49	(36.00)	-
Week 16	120.00	-	84.00	1.63	-	(23.69)

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Home credit: IFRS impairment

Calculation of present value

	Expected cash flow £	Discount factor (EIR)	PV of cash flow £
Week 17	3.00	0.98	2.94
Week 18	3.00	0.96	2.88
Week 19	3.00	0.94	2.82
Week 20*	3.00	0.92	2.76
Week 60	2.00	0.42	0.84
Week 61	2.00	0.41	0.82
Total	87.00		60.31

*Weeks 21 to 59 not shown

Home credit: IFRS impairment

Calculation of present value

	£
Expected future collections	87.00
Present value of cash to be collected (discounted at EIR = 177%)	60.31
Carrying value of loan at end of week 16	84.00
Impairment charge in week 16	23.69
Loan value at end of week 16	
- Loan balance prior to impairment	84.00
- Impairment provision	23.69
- IFRS carrying value	60.31

Home credit: IFRS impairment

	TAP	Deferred revenue	Net Debtor	Revenue	Collections	Impairment
	£	£	£	£	£	£
B/F	120.00	-	60.31	-	-	-
Week 17	117.00	-	58.50	1.19	(3.00)	-
Week 18	114.00	-	56.66	1.16	(3.00)	-
Week 19	111.00	-	54.78	1.12	(3.00)	-
Weeks 20 to 61	33.00	-	-	23.22	(78.00)	-
Total	-	-	-	55.69	(132.00)	(23.69)

Profit of £32

Home credit: Impairment / bad debt

Comparison of methods

	IFRS £	UK GAAP £	Difference %
Revenue	56	54	4
Impairment / bad debt	(24)	(22)	9
Profit	32	32	-

Home credit: IFRS impairment

What is the fair value of the customer receivable?

- Expected cash flows (undiscounted) = £87.00
- IFRS expected cash flows (discounted at EIR) = £60.31
- Economic value of cash flows (discounted at group WACC) = £83.83

Home credit: IFRS impairment

. . . . . Just when you thought you understood what was going on . . . . . . we introduce the concept of the 'gross up'!

Home credit: ‘Gross up’

Impairment is not the same as bad debt

=

Expected cash loss

+

Impact of discount

+

‘Gross up’

Home credit: 'Gross up'

- IAS 39 not written with the home collected credit sector in mind
- Overstatement of turnover and impairment
- No impact on profit

Home credit: 'Gross up'

THE PROBLEM

- Customers take longer than contracted to repay loans
- Service charge fixed – not time based
- IFRS recognises revenue at effective interest rate while a balance is outstanding regardless of contractual maximum
- Forces more revenue to be recognised than fixed service charge
- This revenue is not recoverable
- As a result a corresponding impairment charge is made

Home credit: 'Gross up'

Profit and loss account after full repayment made

Illustration based on loan of £100 with a TAP of £165 (£3 per week). Pays in line with contract until missed payment in week 5. Repay in full but at £2.55 a week for a further 60 weeks.

	IFRS £	UK GAAP £	Difference £	Difference %
Revenue	73.60	65.00	8.60	13.2%
Impairment	(8.60)	-	(8.60)	-
Profit	65.00	65.00	-	-

Questions followed by 15 minute coffee break

Revenue and impairment: YCC

	Revenue £m	Impairment £m	PBT £m
UK home credit	67.9	(66.7)	1.2
International	36.2	(43.9)	(7.7)
Yes Car Credit	(9.7)	2.7	(7.0)
Vanquis Bank	(0.8)	0.5	(0.3)
Motor insurance	-	-	-
Central	-	-	-
2004 IFRS impact	93.6	(107.4)	(13.8)

YCC: Revenue streams

- Three sources of revenue
  - Car sale
  - Insurance commission
  - Finance income

YCC: UK GAAP revenue

- Current policy
  - No existing UK standard
- Car
  - 100% upon sale
- Insurance commission
  - 25% upon sale of car
  - 75% straight line basis over contract
- Finance income
  - Constant rate of return over contract

YCC: IFRS revenue

- IFRS policy
- Car
  - No change
- Insurance commission
  - Key change
  - Recognise as component of EIR
  - Release over life of contract
- Finance income
  - No change but calculated on impaired balance

YCC: Revenue example

- Simple example
  - No change in revenue from car sale
  - No change in finance income recognition
  - Change in recognition of insurance commission
    - No initial release
    - Recognise as part of EIR
    - Example based on insurance commission of £1,000
    - Based on 48 month term
    - EIR of 20.4%

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YCC: Revenue example

	Insurance commission UK GAAP £	Insurance commission IFRS £
Month 0	250.00	-
Month 1	15.63	36.43
Month 2	15.63	35.92
Month 3	15.63	35.40
Month 48	15.63	1.07
Total	1,000.00	1,000.00

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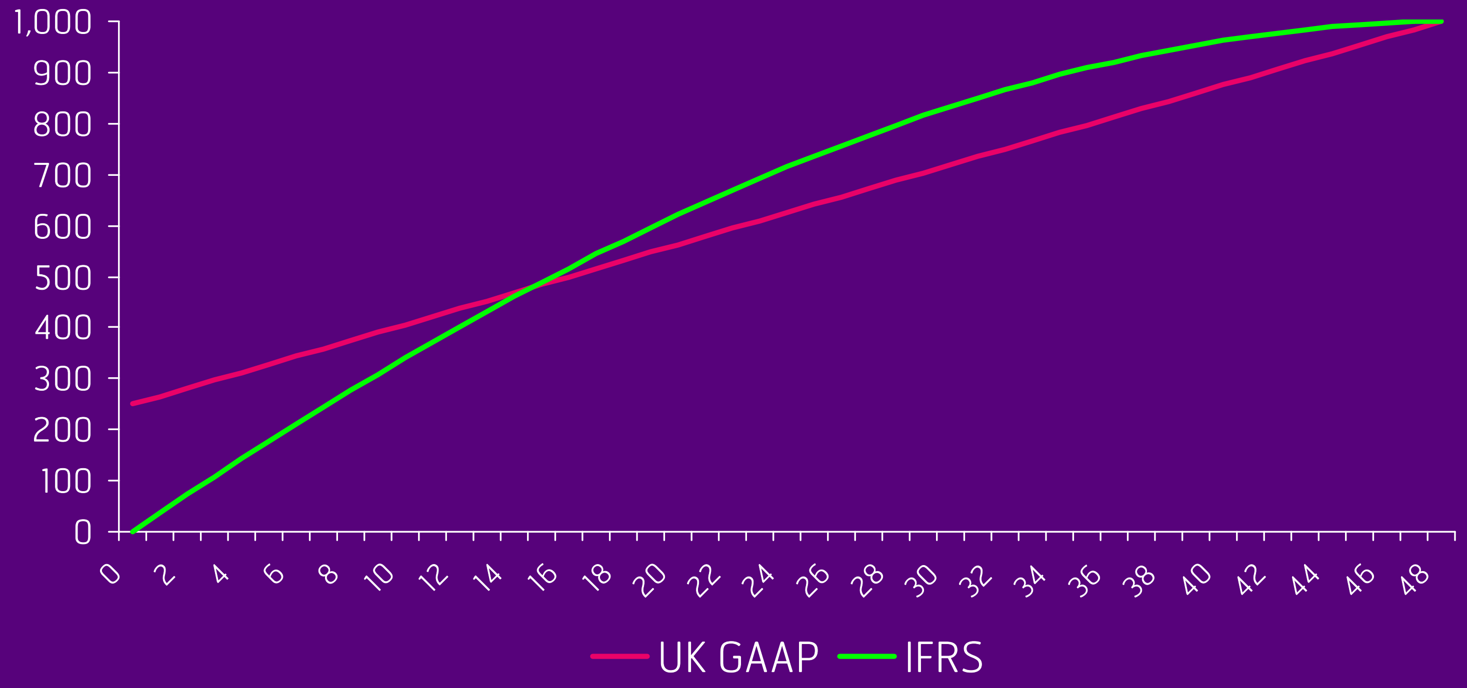
YCC: Revenue example

Cumulative insurance commission comparison



- IFRS revenue initially released more slowly
- Cross over in month 15
- Negative impact on fast growing business

YCC: UK GAAP bad debt

> Portfolio basis

> Estimate future cash flow – how much will be received?

> Based on statistical analysis of portfolio

> Full provision built in equal instalments over the first 10 months

YCC: IFRS impairment

- Impairment methodology similar to home credit
- Impairment trigger – missed payment
- Estimate future cash flows
  - How much will be received?
  - When will it be received?
- Based on statistical analysis of portfolio
- Discount cash flows at the EIR
- Calculate the present value of receivable
- Compare to the balance sheet value of the receivable
- Make an impairment provision for the difference

YCC: Bad debt / impairment

- Simple example
  - Customer misses 3 payments
  - Receivable balance of £3,000
  - Estimate expected recoveries of £2,000 which includes recovery of the vehicle
  - Cash recovery 3 months after final missed payment
  - Cash loss £1,000 (£3,000 – £2,000)

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YCC: Bad debt / impairment

	IFRS	UK GAAP
Trigger event	3 missed payments	N/A
Review past payment history	Statistical analysis	Statistical analysis
Estimate future cash collection	£2,000	£2,000
Estimate timing of cash flows	In 3 months	N/A
Discount cash flows at EIR	£1,909	N/A
Calculate provision	£1,091	£1,000

Provision is 9% higher under IFRS due to the impact of discounting

YCC: Summary

- Revenue recognised slower up to month 15
- Impairment recognised earlier
- Reduced profit whilst a business is growing

Questions

Revenue and impairment: Vanquis Bank

	Revenue £m	Impairment £m	PBT £m
UK home credit	67.9	(66.7)	1.2
International	36.2	(43.9)	(7.7)
Yes Car Credit	(9.7)	2.7	(7.0)
Vanquis Bank	(0.8)	0.5	(0.3)
Motor insurance	-	-	-
Central	-	-	-
2004 IFRS impact	93.6	(107.4)	(13.8)

Vanquis Bank: Revenue

	UK GAAP	IFRS
Interest income	Calculated on credit card advances to customers on daily balances outstanding	No significant change
Annual fee	Taken to profit and loss account at the time the charge is made	Annual fee included in EIR calculation
Other fees e.g. penalty fees charged	Taken to profit and loss account at the time the charge is made	No change

Vanquis Bank: Impairment

- UK GAAP
  - Trigger event – missed payment
  - Accounts allocated to arrears stages
  - Statistical analysis to assess probability of default
  - Expected cash loss = provision

- IFRS
  - Same methodology as UK GAAP
  - BUT need to discount expected cash flows
  - Therefore increased impairment under IFRS

Revenue and impairment: Motor insurance

	Revenue £m	Impairment £m	PBT £m
UK home credit	67.9	(66.7)	1.2
International	36.2	(43.9)	(7.7)
Yes Car Credit	(9.7)	2.7	(7.0)
Vanquis Bank	(0.8)	0.5	(0.3)
Motor insurance	-	-	-
Central	-	-	-
2004 IFRS impact	93.6	(107.4)	(13.8)

Motor insurance

- IFRS 4 ‘Insurance Contracts’
- No impact on profit
- Some additional narrative disclosures for the group
- Ongoing IASB project to review insurance accounting
- Considerable uncertainty – 2007 at the earliest for any changes in accounting

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Pensions

	PBT 2004 £m	Net assets 2004 £m
UK GAAP	216.1	525.5
Revenue and impairment	(13.8)	(52.0)
Pensions	1.5	(115.8)
Derivatives	(1.6)	(1.0)
Share-based payments	(1.3)	0.1
Goodwill	4.6	4.6
Dividends	-	52.7
IFRS	205.5	414.1

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Pensions: UK GAAP

- SSAP 24 - profit and loss account focus
- Charge reflects
  - Regular pension cost of employees
  - Spreading of actuarial gain or loss
- SSAP 24 pension prepayment of £35.7m
- FRS 17 historically disclosure only – full adoption in 2005

Pensions: IFRS

- IAS 19 similar to FRS 17
- Key issue – deficit on balance sheet
  - Treats pension deficit as a company liability
- Profit and loss account charge fixed at the start of the year and comprises
  - Regular cost of pensions
  - Interest charge on liabilities – corporate bond rate
  - Interest income – expected return on assets
- Actuarial gains/losses in a separate statement of recognised income and expenses
- 2004 pension charge reduced by £1.5m compared to UK GAAP

Pensions: IFRS

> £115.8m reduction in net assets as at 31 December 2004

	£m
Market value of assets	231.4
Present value of liabilities	(361.2)
Pension deficit	(129.8)
Deferred tax	39.0
Net pension deficit after deferred tax	(90.8)
SSAP 24 prepayment, net of deferred tax	(25.0)
Total pension adjustment	(115.8)

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Derivatives

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Derivatives: UK GAAP

- Significant number of derivative instruments in place
  - Interest rate swaps
  - Currency swaps
  - Forward currency contracts
  - Currency options
- Accruals accounting under UK GAAP
  - No recognition of derivatives on balance sheet
  - Cost of hedge recognised in line with underlying hedged item
  - Monetary assets and liabilities translated at hedged rate

Derivatives: IFRS

- Fair values on balance sheet – both assets and liabilities
- Strict criteria for hedge accounting – otherwise movements in fair value through profit and loss account
- Potentially could have been a big issue
- BUT
  - Majority of derivatives have achieved hedge accounting
  - Therefore only a small profit and loss impact
  - Minimised profit volatility going forward
- No balance sheet netting of monetary assets or liabilities with the related hedge

Covenants

- Bank covenants fixed under UK GAAP
- No impact from move to IFRS
- Covenants would have been comfortably met under IFRS

Share-based payments

	PBT 2004 £m	Net assets 2004 £m
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Share-based payments: UK GAAP

- Two main schemes
  - Executive share option schemes
  - Save As You Earn (SAYE) schemes
- UK GAAP (UITF 17)
  - Charge based on excess of intrinsic value over exercise price
  - Cost spread over performance period
- No charge as
  - Share options are not granted at a discount
  - SAYE schemes are exempt from UITF 17 accounting
- UK GAAP converged with IFRS from 1 January 2005

Share-based payments: IFRS

- Charge based on
  - Fair value of option
  - Probability of option being exercised
- Option pricing model used to calculate fair value
- Charge spread over vesting period
- SAYE schemes are not exempt
- Only applies to grants from 7 November 2002
- Charge to rise by approximately £1m per annum over 4 years to approximately £5m per annum

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Goodwill

	PBT 2004 £m	Net assets 2004 £m
UK GAAP	216.1	525.5
Revenue and impairment	(13.8)	(52.0)
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Goodwill

- No amortisation of goodwill under IFRS
- Freeze UK GAAP goodwill as at 1 January 2004
- £4.6m adjustment to UK GAAP balance sheet
- Annual impairment test
  - Expected future cash flows
  - Discounted at weighted average cost of capital

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Dividends

	PBT 2004 £m	Net assets 2004 £m
UK GAAP	216.1	525.5
Revenue and impairment	(13.8)	(52.0)
Pensions	1.5	(115.8)
Derivatives	(1.6)	(1.0)
Share-based payments	(1.3)	0.1
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Dividends	-	52.7
IFRS	205.5	414.1

*Net asset impacts are stated after taking account of deferred tax

Dividends

- UK GAAP – proposed dividends accrued at year end
- IFRS – dividends not accrued until approved (e.g. at AGM)
- £52.7m benefit to net assets as at 31 December 2004
- Dividends not shown in profit and loss account under IFRS

	2004		2003	
	IFRS £m	UK GAAP £m	IFRS £m	UK GAAP £m
Final 2002	-	-	46.6	-
Interim 2003	-	-	33.1	33.1
Final 2003	50.3	-	-	50.3
Interim 2004	34.6	34.6	-	-
Final 2004	-	52.7	-	-
Total	84.9	87.3	79.7	83.4

Taxation

- Minimal impact on group tax rate
  - UK GAAP 29.3%
  - IFRS 29.7%
- Key difference between IFRS and UK GAAP – treatment of profits on overseas subsidiaries
  - Must provide tax at UK tax rate unless intention to retain profits in overseas subsidiary
  - Potential impact on group's future tax rate
  - However, presently no plan to remit overseas profits – need to keep under review

Performance reporting

- No change in reportable segments under IFRS
  - UK home credit
  - Yes Car Credit
  - Vanquis Bank
  - International
  - Motor insurance
  - Central
- Calculation of EPS consistent with UK GAAP
- No adjusted EPS given no goodwill amortisation in the future

Summary

- Profit before tax and goodwill amortisation down 6.9% (post amortisation down by 4.9%)
  - Slower revenue recognition
  - Earlier impairment recognition
  - No change in underlying profitability or credit quality
  - ‘Grossing up’ of turnover and impairment
- Net assets down £112 million from £526 million to £414 million
  - Pension deficit on balance sheet
  - Larger bad debt / impairment provision
- Reporting timetable


PROVIDENT FINANCIAL
Final questions