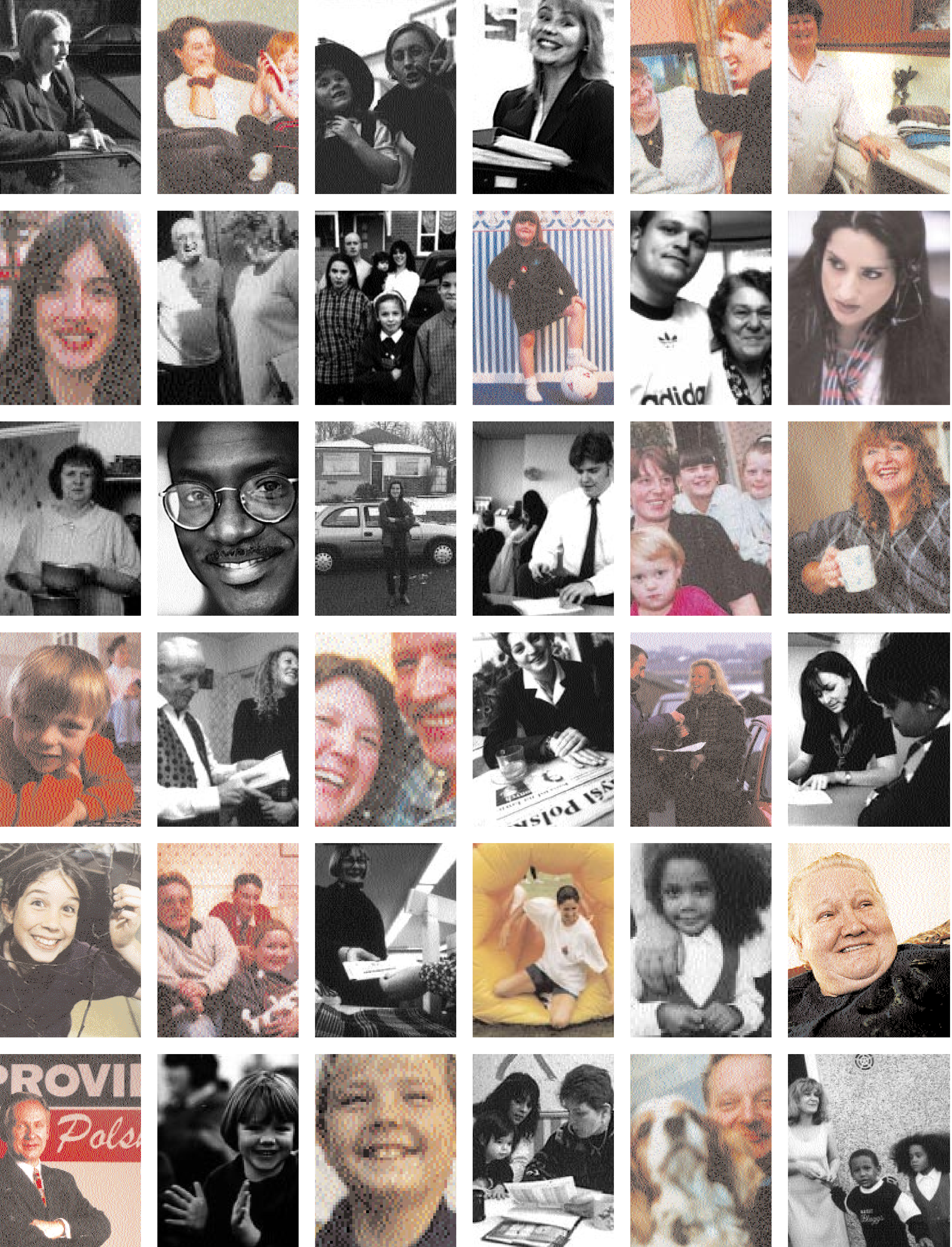
Simple financial products…

PROVIDENT FINANCIAL

Annual report & accounts 1999



…giving our customers what they want

personal
flexible
straightforward
convenient

We provide simple financial products.

That's why our home credit products, at home and abroad, are so well-suited to the markets they serve. There's the convenience and familiarity of home collection, with quick decisions on new loans and on rearranging repayment terms. And our customers have complete certainty about the amount they are expected to pay back, secure in the knowledge that there are no hidden charges.

In insurance, we stick to the areas we know best, providing a fast and simple service, through brokers or by telephone. And, by avoiding high-risk customers and keeping our running costs down, we keep our premiums down too.

So, as we expand, with a growing range of products, in more and more countries, simplicity will remain at the heart of all we do.

1999 highlights

Profit before tax up to

£155m

Group

Turnover up by **15.1%**
Like for like profit up 8.5% to **£155m**
after international start-up losses of **£8.4m**
Earnings per share up 7.6% to **43.15p**
Total dividend per share up 10.2% to **24.8p**

Group customers up 12% to

2.7m

UK home credit

Like for like profit up 7.5% to **£143.9m**
Customer numbers up by 4.6% to **1.56m**
Agent numbers up by 6.7% to **11,605**

Contents

International customers up to

149,000

International home credit

Customer numbers up from 18,000 to 149,000

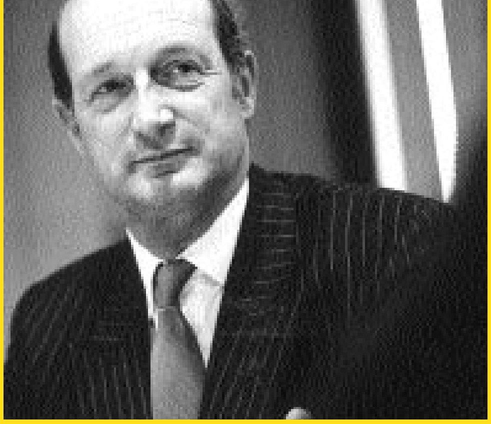
3,400 agents in Central Europe

Division in profit in 2001, **a year ahead of plan**

Insurance

Profit up 30% to **£25.4m**

Provident Insurance policyholders up 17% to **606,000**



John van Kuffeler Chairman

Chairman's statement

I am pleased to announce a year of significant progress. In 1999, the group's profit before tax as adjusted for the effects of the capital reorganisation increased by 8.5% to £155.0 million (1998 £142.8 million) and earnings per share increased by 7.6% from 40.12p to 43.15p. These results are encouraging in the light of start-up losses of £8.4 million (1998 £4.7 million) incurred in establishing our new international businesses. The board of directors recommends a final dividend of 14.9p per share (1998 13.6p), giving a dividend for the year of 24.8p per share (1998 22.5p), up 10.2% over 1998.

Operations

This has been a year of considerable advance, with sound foundations laid for the future.

Our UK home credit business has continued to make progress in a challenging market in which higher levels of personal indebtedness and bad debt have been evident. Our bad debt charge has risen to 8.4% of credit issued. This more demanding market has stretched our field management and we responded by strengthening our field force and growing credit issued per customer more cautiously. Agent and customer numbers grew by 6.7% and 4.6% respectively and credit issued was up by 5.2%. Profit before tax, on a like for like basis, increased by 7.5% to £143.9 million.

Our international home credit division has performed exceptionally well with customer numbers growing from 18,000 to 149,000 over the year. We have proved our ability to build and manage overseas operations successfully and have exceeded the expectations of even a few months ago. Start-up losses for the year were £8.4 million compared to £4.7 million for 1998.

The insurance division benefited from rising motor premiums in the market as a whole and has had an outstanding year, with substantially increased volumes and profits, together with excellent returns on capital. Profit before tax increased by 30% to £25.4 million.

The group has been strongly cash generative and, in line with our policy to return excess capital to shareholders, we have repurchased 5.2 million shares during the year, at an average price of 679p per share.

A detailed review of operations is given in the Chief Executive's review.

Strategy

The board has a clear strategy for the development of the group. We are well on the way to achieving our aim of being a leading international provider of financial services to lower income households.

UK home credit remains the bedrock of our business and continues to provide attractive returns. We continue to recruit large numbers of customers from our traditional C1, C2, D and E socio-economic groups with 38% of our customer base coming from the C1 and C2 segments. We see potential for steady growth and our strategy remains to recruit more agents and customers to achieve this growth.

A key element of our strategy is to develop our businesses internationally, building on the success of the introduction of home credit into Poland and the Czech Republic. Both countries offer substantial markets for home credit with returns on capital expected to be similar to those in the UK. In 2000, we will focus on building our presence in these markets and will then move into another European country in 2001 and at least one other country each year thereafter.

The strategy for our motor insurance business remains to earn attractive margins rather than to maximise market share. We are a specialist player, focusing mainly on women drivers, to whom we provide non-comprehensive cover. We retain a strong competitive advantage which we strive to improve through our ability to design products for this market and process these low-value transactions cost effectively.

It is also part of our strategy, in line with Government policy, to extend the range of financial services we offer to lower income households. We already efficiently serve over 2.7 million customers with our simple loan and motor insurance products. During 2000, we will intensify new product development and intend market testing a new budgeting and bill payment product to serve our existing and new customers. This will be distributed through a new, dedicated direct sales force.

Board changes

During 1999 we took steps to put succession plans in place. Peter Fryer, the Financial Services Director, will retire after the forthcoming AGM after a long and distinguished career of nearly 30 years with the group. On behalf of the shareholders I would like to thank Peter for his valuable contribution to the business. Robin Ashton was promoted from Finance Director to Deputy Chief Executive with board responsibility for UK home credit and will also shortly assume responsibility for the insurance division. His successor, John Harnett, was recruited as Finance Director in April 1999. I shall remain in an executive role whilst these management changes bed down and the international division moves into profit, before becoming non-executive chairman with effect from the AGM in 2002.

Prospects

There has been good growth in all three divisions in 1999 and customer numbers have expanded significantly. This will continue in the current year.

We see good potential for the UK home credit division and so will pursue our growth strategy, with the rate of growth in agent and customer numbers expected to be similar to that seen in recent years. An improved trend in collection performance during the second half of 1999 gives us confidence that the bad debt charge as a percentage of credit issued will stabilise at around 8.5% as the year progresses. Overhead costs in 2000, particularly in the first half, will continue to grow ahead of revenue as the full-year effect of 1999's investment to strengthen the field force is felt. We expect profit growth in UK home credit in 2000 to be slower than in 1999 as a result of our more cautious approach to lending and of the absorption of the costs of our strengthened field force. Higher rates of growth are expected from 2001 onwards, as the benefits of our investment are felt.

Our priority for 2000 for the international home credit business will be to increase substantially our customer base in the Czech Republic and Poland. In the Czech Republic, our investment in a nationwide infrastructure is close to completion and so we expect our operations there to move into profit later in the year. In Poland, we will invest further to extend our geographic reach and so we expect to come into profit in 2001. Based on our market research and our experience to date, we have set ourselves a target of over one million customers in these two countries within the next five years. The international home credit division is expected to report substantial growth in 2000 and lower start-up losses than in 1999, largely incurred in the first half of the year. We now expect the division as a whole to report a profit in 2001, a year ahead of plan.

In the years thereafter, profits from the international home credit division are expected to increase rapidly. This will enable us to deliver good returns for shareholders and to develop into other countries. We are firmly convinced that home credit is a service with considerable international application and provides an excellent investment opportunity which will significantly enhance the group.

The motor insurance division should have another excellent year for profit growth driven by premium increases introduced in 1999 and further expected increases in 2000.

As a result of continued investment in our international businesses and of the cost of strengthening our field force in the UK, we expect earnings growth to be stronger in the second half of 2000 than in the first half.

The board is confident of a good result in 2000 and has laid sound foundations for an exciting and rewarding future.

John van Kuffeler
Chairman
6 March 2000

Simple financial products… giving our customers what they want

personal

flexible

straightforward

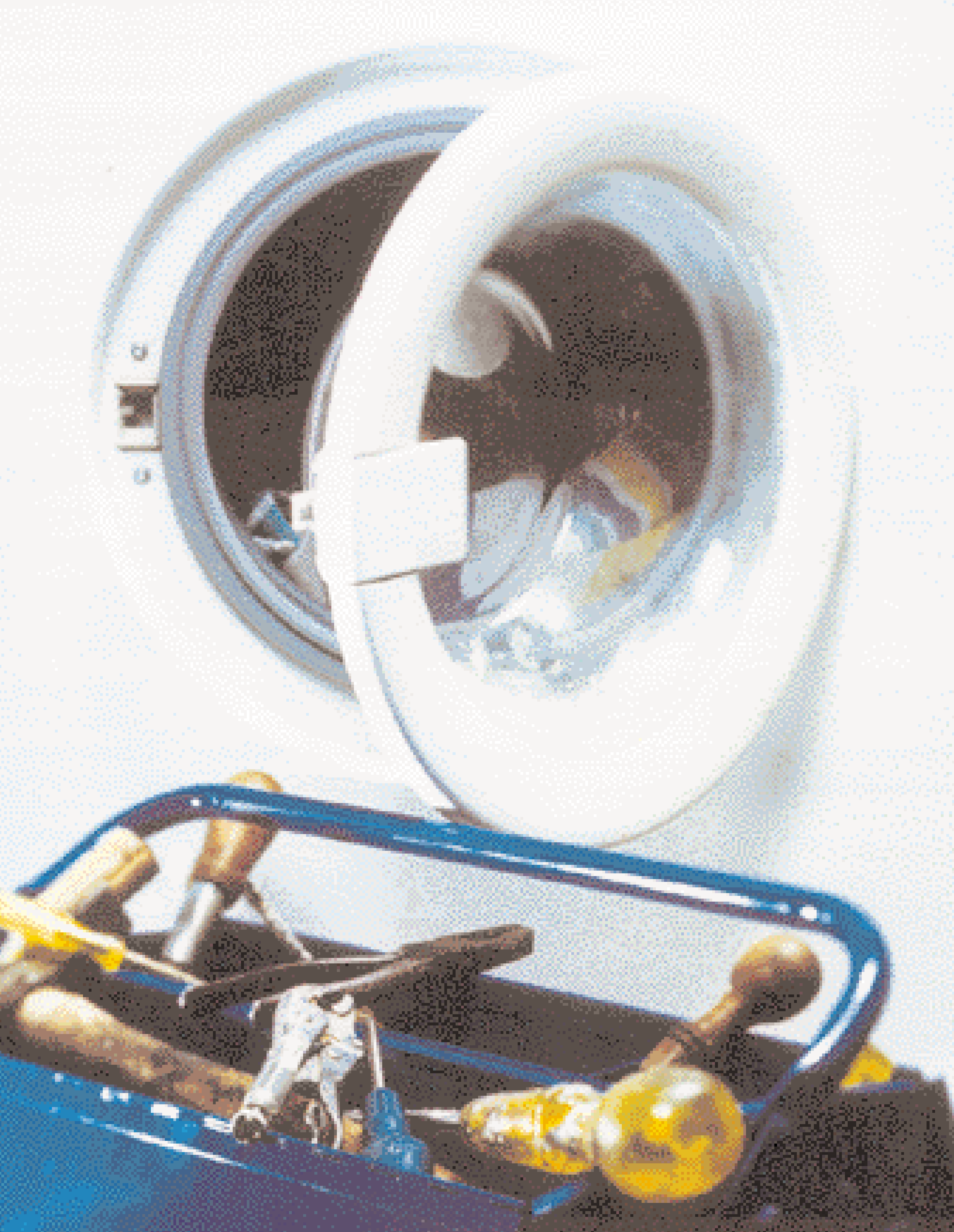
convenient

Face
to face

> Personal

It is a key part of every agent's role to get to know each of her customers well, because it is that relationship which builds the trust between them. It's like being part of the family. They can then work out together how best to deal with financial issues which arise. And the reason why we know our customers so well is because we have more than 11,600 agents, mostly women, visiting one in twenty homes in the UK every week – meeting, talking, listening. It's a formula which works just as well overseas, where trust and familiarity are the key to the success of our operations in Central Europe and South Africa.

Our insurance customers, too, value the fact that we concentrate on the areas of business we know best and they can rely on having someone to provide help when they need it. This is one reason why our customers come back to us, time after time.



There when you need it

> Flexible

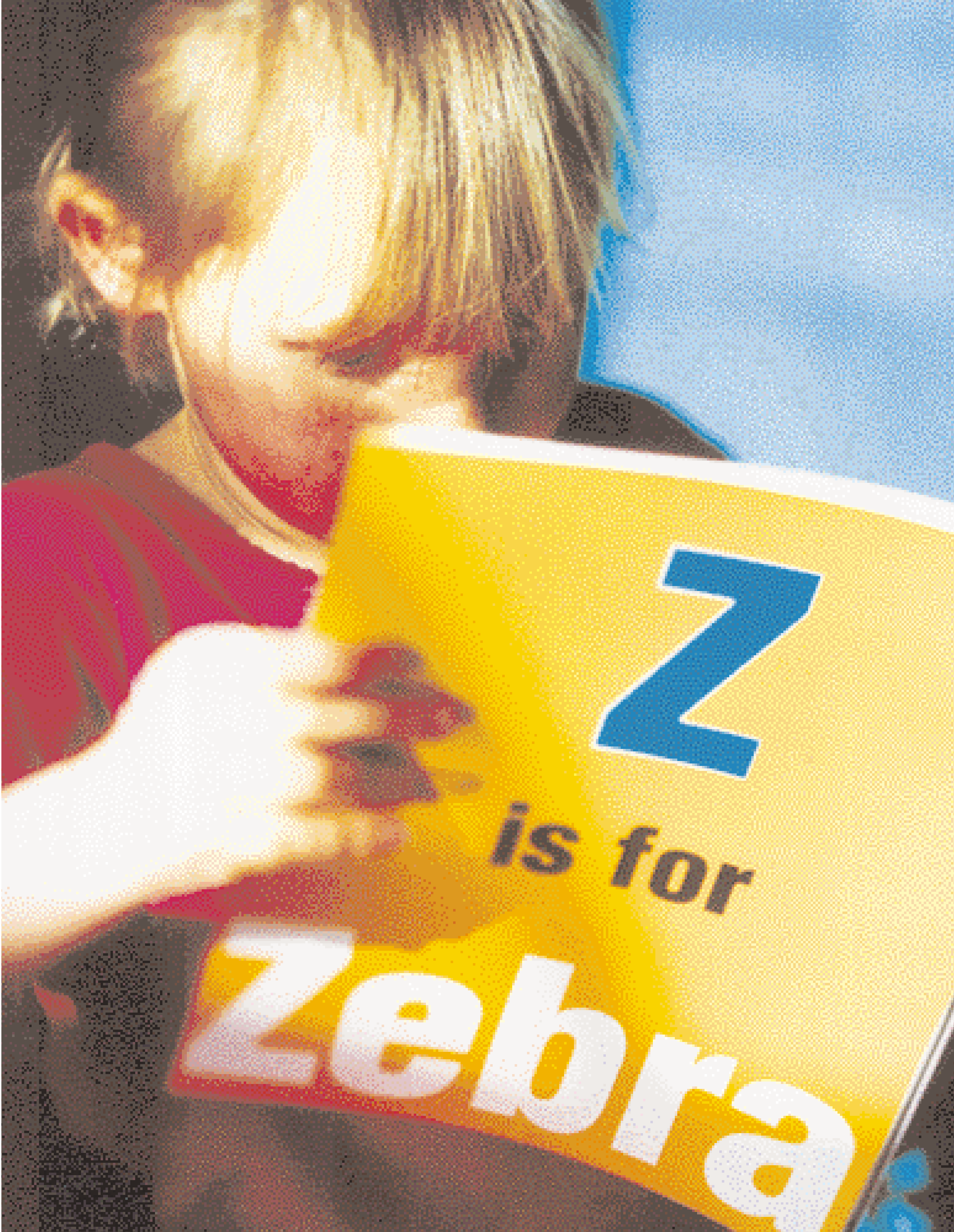
Our service is flexible because we understand the reality of people's lives. And because we know that life never goes quite as planned, we know we must be ready to reschedule payments, at no extra cost, to help deal with life's ups and downs – when someone cannot go to work for a period, or to fix that broken boiler or replace a worn-out washing machine. It is an approach which works just as well internationally, where our customers' needs are just the same. Wherever they are, when circumstances change for our customers, it's up to us to change as well, to help them cope. That's another reason why our customers come back to us, time after time.

Clear

and concise

> ### Straightforward

We keep everything clear and concise because peace of mind for our customers comes from products that are simple and straightforward. They know exactly what the cost of borrowing will be and that there will never be any hidden charges, which takes the worry out of borrowing and helps them plan with certainty. And, for all our products in home credit and insurance, when there are queries, we always have someone on hand to give answers – clearly and quickly. It's another reason why our customers come back to us, time after time.

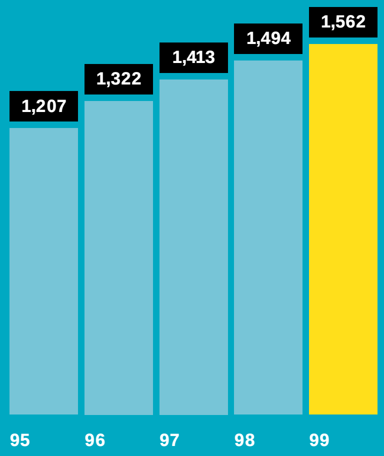

Z
is for
Zebra

We come to you

> Convenient

Our customers like the convenience of home-delivered services, like the milk and the post, and that is what they value most about us as well. They tell us that being visited in their own homes, fitting in with their own weekly routine, is one of the most important aspects of our service. And because our customers know when to expect us, they can plan ahead and budget properly. We always seek to give a quick decision and once it is made, the cash will usually be available there and then. For our insurance customers, we make arranging insurance as easy as possible, through their brokers or via Colonnade Direct, just a telephone call away. That's another reason why our customers come back to us, time and time again.

Howard Bell Chief Executive



UK home credit customers (000s)

We visit one in 20 homes in the UK every week

Simple financial

Chief Executive's review

UK home credit

The UK home credit division is successful because it understands the relationships between people. We know what our customers want and we understand them because we have over 11,600 agents meeting, listening and talking to them every week. These agents, the majority of whom are women, live in the communities where they work and are out whatever the weather because their customers rely on them to be there.

With an average service of seven years, they are often the people our customers trust more than anyone else to talk to about their financial situation. The regular visits to customers' homes by our agents allow continuous and more accurate credit assessments to be made. This gives us an enduring competitive advantage over remote lenders. Our success is also due to the high level of customer service we deliver.

Our strategy has continued to be to increase the volume of credit issued, by recruiting additional agents, who in turn recruit more customers. Agent growth has been good and the number of agents has grown by 6.7% over the year. Customers grew by 4.6%. We were more cautious in our lending in 1999 and this led to growth in credit issued of 5.2%, in line with customer growth.

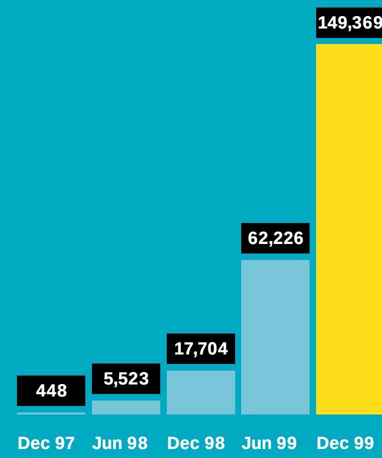
A concern throughout last year was the rising level of bad debt. We believe this trend resulted from the interaction of two forces; a more complex marketplace for credit and the pressures which that has put on our already lean UK home credit field force.

There is increasing complexity in the UK consumer credit market, as a wider range of credit products has become available to lower income households. This has to some extent increased competition with our home-collected credit product but has also led to increased indebtedness amongst our customers, who are now borrowing from a greater variety of sources. A more demanding marketplace, both in terms of lending and collecting, has resulted.

Over the last few years we have grown rapidly and as a result we have had a greater proportion of inexperienced agents and customers, of whom we have less knowledge and who absorb a greater amount of management time and attention. We have also been striving to drive down the cost of the UK home credit field force as a proportion of revenue. In part, this has been achieved by increasing the number of agents and customers for whom each front-line manager is responsible. We recognised last year that spans of control had been stretched and the increased work load and more demanding environment for lending had placed more strain on the organisation. We responded by recruiting and training almost 150 more managers and improving the support for both agents and managers.

This essential investment in additional front-line managers has contributed to a rise of 13% in overhead costs in the second half of the year, compared with the second half of 1998. We have also implemented measures to ensure better supervision of lending. From early 1997 to mid 1999 we saw a decline in collection performance,

Open for business
in five countries



International home credit customers

We expect the international division to report a profit in 2001, a year ahead of plan

products

followed some months later by a rise in the bad debt charge. During the second half of 1999 we have seen a stabilising of collection performance which gives us confidence that these measures will also stabilise the level of bad debts as a percentage of credit issued at around 8.5% during 2000.

In addition, we are investing a further £3 million in the year 2000 to improve the training, development and retention of new agents. The right actions to improve the business have been taken and we remain confident that there is considerable potential for future growth.

International home credit

We have made great strides in our international operations, which have consistently outperformed our expectations.

In the course of the year, we have proved our ability to develop and manage substantial overseas operations. In Poland, the Czech Republic and, on a smaller scale, South Africa, we have invested to recruit and train local staff, to open branch offices and install systems. With these in place, we have recruited and trained new agents, who have been the driving force in the recruitment of new customers.

During 1999, the international home credit division's number of customers increased from 18,000 to 149,000. In Poland and the Czech Republic, we have built significant businesses with a combined total of 138,000 customers, served by 700 employees and 3,400 agents. We have now established an infrastructure to enable us to access all the market in the Czech Republic and 30% of the market in Poland. We have also been very encouraged by the continued excellent repayment record of our customers, with bad debt at around 5% of credit issued.

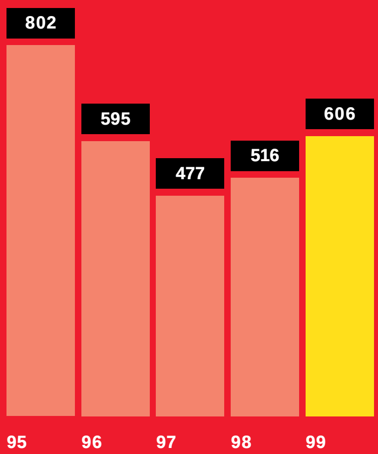
South Africa remained a pilot throughout the year. Customer numbers have grown to 11,000 and throughout the year the repayment record has improved. Encouraged by this, we have recently decided to expand cautiously, concentrating within the Pietersburg area of the country. We shall restrict our total receivables in South Africa to no more than 3% of the group's profits and we expect to break even in 2001.

Start-up losses incurred in building these international businesses were £8.4 million over the year.

Motor insurance

In the motor insurance division we have not lost sight of the market we know best – non-comprehensive insurance for women drivers, drivers of second cars, older cars and those who do low mileage. Our expertise is our ability to transact low-value transactions cost effectively. We also benefit from the substantial income we obtain from our large investment fund.

This strategy has continued to deliver good results. The division has benefited from increases in its premiums of 18% over the course of



Provident Insurance policyholders (000s)

70%
of our policyholders are women

I want a policy that suits me

On track...

Chief Executive's review continued

the year compared with increases in the market as a whole of 20% to 25%. This significant improvement in our price competitiveness has resulted in a substantial 17% increase in the number of policyholders, to 606,000 and, in these favourable conditions, profits have increased by 30% to £25.4 million.

Community involvement

At Provident Financial we attach great importance to our wider role in the community, focusing particularly on issues of most benefit to the communities in which the majority of our customers live.

There are four principal strands to our activities:

> National charity partnership
> Provident in the Community
> Arts and community arts
> West Yorkshire programme

National charity partnership

This is the second year of our partnership with the National Society for the Prevention of Cruelty to Children (NSPCC), in England and Wales, and Children 1^{ST}, in Scotland, supporting both national and local projects. We have sponsored their Parenting Pack, which has been distributed throughout the country, giving guidance on good parenting practice. We have also sponsored individual projects in East Lothian, Coventry, Manchester and Merthyr Tydfil. The East Lothian project is a pilot for the Family Group Conferencing scheme planned for roll-out across Scotland, whereby whole families are involved in identifying problems facing children at risk and then jointly coming up with solutions.

In addition, in excess of £20,000 has been raised through the individual activities of our agents and staff, for the NSPCC, Children 1^{ST}, and the Meningitis Research Foundation.

Arts and community arts

Our support for the arts is increasingly focused on community arts initiatives in areas where we are most involved as a company. Our approach is to concentrate on a small number of projects where we can make a real difference.

We were especially pleased that our support for SPARK – Sports and Arts Towards Knowledge – in 1999 was short-listed for a Financial Times Award for Arts and Business. The brainchild of the West Yorkshire Playhouse, SPARK involves children in after-school activities related to all aspects of the arts. The scheme is unique in the UK, and Provident Financial, as the prime corporate sponsor, has been delighted to support its extension to other parts of the country and to help with a national conference attended by the Education Secretary, the Rt Hon David Blunkett MP.

We also supported L'Ouverture, which helps produce plays, exhibitions and poetry in inner-city schools. Through their association with Provident Financial, L'Ouverture has moved outside London for the first time,

179

Provident in the Community projects supported

We support local and national projects which will be of most benefit to the communities in which our customers live

staging a play, The Bag Lady, written and produced entirely by the children of Belle Vale Junior, Middle and Infants School in Liverpool and involving almost 60 children from the school in the project.

Our work with the Communities' Building Programme of the Free Form Arts Trust involved local residents, including many children, in schemes to improve the quality of life in urban areas through participation in the arts. In particular, through the King's Cross Project, vandalism and graffiti have virtually stopped following the creation of a mural by local children in the worst affected area.

Provident in the Community
During the year, we have built further on the Provident in the Community programme, which was established seven years ago to support projects identified by our agents and staff. The only criterion is that projects should involve issues relevant to our customers and be recommended by our employees and agents. The programme works by providing small amounts of funding, advice and help for charitable activities undertaken by our staff, agents and customers, to help them maximise the benefits of their own involvement. 179 projects were supported in 1999.

West Yorkshire programme
We have continued with our programme to support local causes in our West Yorkshire home base, focusing again on a small range of projects where we can achieve real impact and where there is benefit from a longer-term relationship.

We are the first large corporate sponsor of the Bridge Project in Bradford, which takes a holistic approach to tackling drug abuse in the city. We have provided new equipment for complementary therapies, such as acupuncture and fitness training, to help people deal with drug withdrawal symptoms. Over the year we have also supported Quest for Economic Development, which works to bridge the economic and social gaps between the different racial communities in Bradford, as well as Understanding Industry, which helps young people recognise the career opportunities open to them in industry and commerce.

A real difference
Provident Financial has always worked in communities where our customers and their families face the whole range of difficulties which life presents. Because we have over 11,600 agents in those communities, we understand the nature of these problems. It will always be one of our prime objectives to help our customers and their communities to deal with them. 1999 has seen our community support programme become more targeted and supportive, making a real difference to the quality of life of our customers and agents and their families.

Howard Bell

Howard Bell
Chief Executive
6 March 2000

John Harnett Finance Director

Strong finances consistent

Finance Director's review

Profit

Group pre-tax profit increased to £155.0 million (1998 £145.9 million), up 8.5% on a like for like basis. UK home credit was the major contributor with like for like profit up 7.5% to £143.9 million (1998 £136.9 million). The international home credit operations expanded rapidly and, in so doing, incurred start-up losses of £8.4 million (1998 £4.7 million). The insurance division saw volumes and premiums increase at the same time, enabling it to record a 30% increase in profit to £25.4 million (1998 £19.6 million). Central costs were again tightly controlled at £5.8 million (1998 £5.9 million).

Earnings, tax and dividends

Earnings per share increased by 7.6% to 43.15p assisted by the full year effect of the reduction in the number of shares in issue as a result of the capital restructuring in 1998. The effective tax rate of 28% is due to the efficient management of the group's tax affairs. It is expected that the effective tax rate will be at or around 28% in 2000 as the benefit of other tax planning is felt. The full year dividend per share has been increased by 10.2% to 24.8p, with a dividend cover, in line with our policy, at 1.75 times.

Capital structure

Our business continues to be strongly cash generative and, in accordance with our policy to return excess capital to shareholders, we have spent £35.6 million to repurchase 5.2 million shares during the year at an average price of 679p. At 31 December 1999, £186 million of the group's shareholders' equity of £259 million supported the home credit businesses, resulting in 32% of customer receivables being financed by shareholders' equity and the remainder by borrowings and other creditors. Our target is to fund about 75% of our receivables by debt.

Economic profit

The group has a track record of generating added value for its shareholders by earning profit in excess of its cost of capital employed. This measure is known as economic profit. In 1999, economic profit was £83.8 million, up by 14% on 1998's economic profit of £73.3 million. The result for the year was assisted by the move towards a more efficient capital structure, through share buy-backs and capital restructuring during 1998 and 1999 totalling £129 million.

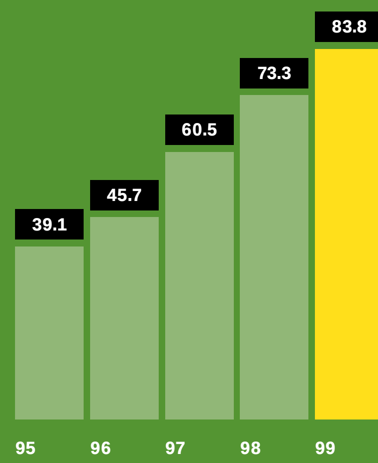
Gearing ratio

The group's gearing ratio (borrowings divided by group net assets) reduced slightly in 1999 to 122% from 128% at 31 December 1998. However, as outlined below, the group's borrowings relate to the home credit businesses and the gearing ratio of this part of the group (borrowings divided by home credit net assets) at 31 December 1999 was 170% (1998 209%).

Cash flows

The group has a record of strong cash generation. The cash flows arising from our home credit and insurance businesses are

Adding shareholder value



Economic profit (£m)

growth

substantially different. In home credit, advances are made to customers which are collected in future periods and which therefore require funding. In the insurance division, premiums are received in advance and are held on deposit until claims are paid at a later date. The cash and investments held by the insurance division are strictly segregated from the rest of the group and are not available to service borrowings or to pay dividends to our shareholders. Borrowings and investments are, therefore, considered separately.

Borrowings

Purpose The group borrows principally to fund the loans advanced to customers by the home credit businesses. To ensure that there are sufficient funds available, we arrange committed borrowing facilities comfortably exceeding our peak funding requirements and for periods well in excess of the life of the loans. At 31 December 1999 we had committed facilities of £496 million, compared with borrowings of £317 million. Our borrowings had an average maturity of five years.

Sources The group's main sources of funding are term loans and committed revolving loan and acceptance credit facilities. In the UK these are typically of five to seven years' duration and are normally extended annually. The group's overseas borrowings are typically of three to five years' duration. Our borrowing facilities are provided by 23 banks based in the UK, the Republic of Ireland, Poland and the Czech Republic.

Scale Overall group borrowings remained constant at £317 million in 1999 compared with £317 million in 1998. At the end of 1999 our foreign currency borrowings were a Sterling equivalent of £24 million.

Interest payable and interest cover Interest costs of £18.5 million were £1.6 million lower than in 1998, largely reflecting the lower average interest rates prevailing during the year. The average rate of interest paid, including hedging costs, was 6.9% in 1999 compared with 8.3% in 1998. Interest payable is covered nine times by profit before interest payable (1998 eight times).

Timing The normal pattern of lending to customers means that our peak funding requirements arise in December each year.

Covenants The group has continued to comply with all its borrowing covenants, none of which represents a restriction on our plans.

Investments

Our insurance businesses receive premiums in advance and hold a portion of these in reserve until claims are paid. These funds are invested in a low-risk portfolio in order to produce a reliable flow of interest income while ensuring the security of the investment.

The insurance division's investment portfolio consists entirely of deposits with, or investments in, interest-bearing instruments issued by banks, building societies and local authorities for periods up to five years.

Like for like profit up by 8.5% to £155.0m

Profit before tax (£m)

Finance Director's review continued

There are strict limits, approved by the board, on our maximum exposure to any one counterparty and on the average maturity of the portfolio.

Total interest earning deposits and investments held by the insurance division amounted to £292 million at 31 December 1999 (1998 £290 million). The division's total investment income increased from £21.9 million to £22.9 million, reflecting the higher average yield on the investment fund. The yield in 1999 averaged 7.7% compared with 7.4% in 1998.

Interest rate hedging

So as to limit potential increases in our borrowing costs, we reduce the home credit businesses' exposure to interest rate rises by hedging a substantial proportion of our floating rate debt. Interest rate caps at rates of between 7.8% and 8.4% cover up to £100 million of borrowings for periods through to the end of 2001. A further £170 million of borrowings have interest rates fixed in the range of 5.5% to 7.0%, mainly by interest rate swaps, for periods through to the end of 2001.

The insurance division's exposure to possible reductions in interest rates is hedged by a combination of fixed rate investments (for terms of between one and five years) and shorter term floating rate investments covered by interest rate swaps. At 31 December 1999, £66 million of investments were at fixed rates and a further £200 million of investments had interest rates fixed in the range of 5.0% to 8.1% by interest rate swaps for periods through to 2004.

The interest rate risk for the group, inherent in the funding and investment portfolios, is managed by a combination of natural hedging, which allows the increased cost of borrowing resulting from higher interest rates to be offset by increased investment income and vice versa, and by the use of derivative instruments such as interest rate swaps and caps.

Exchange rates

Our international operations have both their revenues and most of their costs in the currency of the country in which they operate. As a result, foreign exchange transaction exposure is limited. Changes in the rates of exchange between Sterling and other currencies may result in translation differences in respect of:

a the amounts at which the results of international subsidiaries and branches are included in the consolidated profit and loss account. Such amounts are translated at average rates of exchange for the year; and

b the values at which the net assets of those international operations are included in the consolidated balance sheet. Such amounts are translated at year end exchange rates.

We aim to minimise this latter translation exposure by arranging local currency funding so as to match, reasonably closely, the amounts of local currency assets.

Earnings per share up by 7.6% to 43.15p

Dividend per share up by 10.2% to 24.8p

Earnings per share (p)

Dividend per share (p)

Borrowings include a bank loan denominated in US$ of which US$20 million was outstanding at 31 December 1999. The exchange rate risk inherent in this loan has been removed by entering into a cross currency swap which fully hedges the transaction.

Details of the group's exchange rate exposure at 31 December 1999 are set out on page 52 in note 13 of the notes to the accounts.

Treasury activities

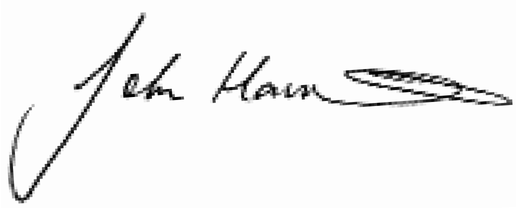
Treasury activities are organised to minimise the risks inherent in providing funding for the group, to maximise the reliable flow of income from invested insurance funds whilst preserving the capital value of those funds and to manage the level of interest rate and exchange rate risk. The board reviews and agrees policies for managing the main financial risks faced by the group in relation to funding, investment and hedging. These policies ensure that the borrowings and investments are with high quality counterparties, are limited to specific instruments and that the exposure to any one counterparty or type of instrument is controlled within limits.

Treasury activities are managed on a day-to-day basis by the group's treasury function and are reported to both the treasury committee and the board on a regular basis. Treasury activities have been designed to ensure that duties are properly segregated and that all transactions are properly authorised. All transactions in derivatives are undertaken to manage the risk arising from underlying business activities. No transactions of a speculative nature are undertaken and written options may only be used when matched by purchased options. All treasury activities are subject to periodic independent reviews and audits, both internal and external.

Details of the group's interest rate exposure at 31 December 1999 are set out on pages 50 and 51 in note 13 of the notes to the accounts.

Going concern

In light of the financial position and committed borrowing facilities at 31 December 1999, the directors have reviewed the group's budgets, plans and cash flow forecasts for the year to 31 December 2000, outline projections for the two subsequent years and estimates for a further two years. They have a reasonable expectation that the group has adequate resources to continue its operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.



John Harnett
Finance Director
6 March 2000

Directors

John van Kuffeler Chairman

Howard Bell Chief Executive

Robin Ashton Deputy Chief Executive

Board committees and biographies

Board committees

Audit committee
Charles H Gregson (Chairman), Peter A Davis, Angela C M Heylin, James C Hodkinson

Executive committee
John P de Blocq van Kuffeler (Chairman), Robin J Ashton, Howard J Bell, Peter W Bretherton, Peter R Fryer, John A Harnett

Nomination committee
John P de Blocq van Kuffeler (Chairman), Howard J Bell, Peter A Davis, Charles H Gregson, Angela C M Heylin, James C Hodkinson

Remuneration committee
Peter A Davis (Chairman), Charles H Gregson, Angela C M Heylin, James C Hodkinson

Risk advisory committee
James C Hodkinson (Chairman), Howard J Bell, Peter A Davis, Charles H Gregson, Angela C M Heylin

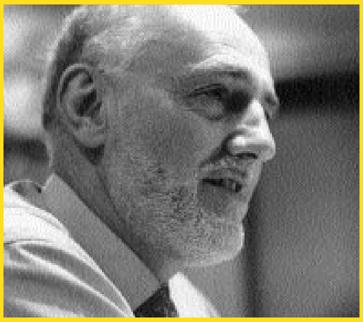
Directors' biographies

John P de Blocq van Kuffeler MA FCA Chairman, age 51
Graduated with a degree in economics and qualified as a chartered accountant in 1973. He joined Provident Financial in 1991 as Chief Executive and was appointed Executive Chairman in April 1997. He was formerly Group Chief Executive of Brown Shipley Holdings PLC. He is a director of the Finsbury Smaller Quoted Companies Trust PLC. He is also a non-executive director of The Fleming Geared Growth Trust Plc and is on the Council of the CBI.

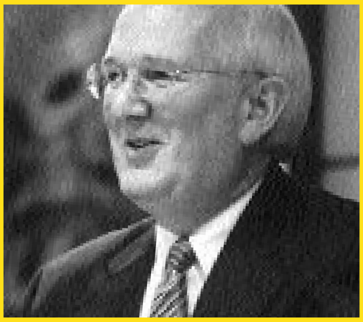
Howard J Bell MBA
Chief Executive, age 55
Joined the board in 1989, after 22 years with the group in a variety of roles. Worked initially in computer development and was head of personnel services before becoming Managing Director of Provident Personal Credit (North). He was appointed Managing Director of Provident Financial in 1995 and became Chief Executive in April 1997. He is also Chairman of Bradford and District Training and Enterprise Council Limited and of the trustee board of the charity, Meningitis Research Foundation.

Robin J Ashton BA ACA
Deputy Chief Executive, age 42
Qualified as a chartered accountant in 1982 having graduated in economics and law. He joined the group in 1983 as Finance Director of Provident Insurance and subsequently became Deputy Managing Director of H T Greenwood and Managing Director of Provident Investments. He became Group Treasurer in 1989 and joined the board as Finance Director in 1993. In April 1999 he was appointed Deputy Chief Executive with responsibility for the UK home credit division; additionally, he will assume responsibility for the insurance division following Peter Fryer's retirement.

Peter W Bretherton LLM
Director of Corporate Affairs and Company Secretary, age 54
Graduated in law and qualified as a solicitor in 1970. He joined Provident Financial as company solicitor in 1977. Appointed Company Secretary in 1978 and became a member of the board in 1983. Has held a wide range of head office responsibilities and



Peter Bretherton Director of Corporate Affairs and Company Secretary



Peter Fryer Financial Services Director

Peter Davis Non-executive director

Charles Gregson Deputy Chairman and senior non-executive director

John Harnett Finance Director

Angela Heylin Non-executive director

James Hodkinson Non-executive director

has served as Chairman of a number of the group's operating companies. He is now responsible for international development, corporate affairs and the company secretariat.

Peter R Fryer MBA
Financial Services Director, age 57
Joined the group in 1971 to work on computer projects. Has held many positions within the home credit business and was founding Managing Director of the group's former estate agency business, Whitegates. He joined the board in 1995 as Home Credit Director and became Operations Director in April 1997. In April 1999 he was appointed Financial Services Director; he is currently responsible for the insurance division.

John A Harnett BA ACA
Finance Director, age 45
Qualified as a chartered accountant in 1981 having graduated in business studies. He joined the group in April 1999 and was appointed to the board as Finance Director. He has previously held positions as Finance Director of Allied Colloids PLC and Holliday Chemical Holdings plc.

Peter A Davis MA FCA
Non-executive director, age 58
Joined the board of Provident Financial in 1994. He is a non-executive director of The Equitable Life Assurance Society and of Boosey and Hawkes plc. He is also a director of the charity Wellbeing.

Charles H Gregson BA
Deputy Chairman and senior non-executive director, age 52
Joined the board of Provident Financial in 1995 as a non-executive director and was appointed Deputy Chairman in April 1997. He is a director of United News & Media plc and Executive Chairman of Garban-Intercapital PLC.

Angela C M Heylin
OBE FCIM FIPR
Non-executive director, age 56
Joined the board of Provident Financial in April 1997. She is UK President of Charles Barker BSMG Worldwide and is also a non-executive director of Storehouse plc. She is Deputy Chairman of the House of St Barnabas, a home for homeless women in Soho, and is a trustee of Historic Royal Palaces.

James C Hodkinson
Non-executive director, age 55
Joined the board of Provident Financial in July 1998. He is Chief Executive of New Look Group plc and is also a non-executive director of Hamleys plc.

Directors' report

The directors submit their report for the financial year ended 31 December 1999.

1 Review of the business

1.1 A full review of the group's activities, performance and prospects is contained in the Chairman's statement, the Chief Executive's review and the Finance Director's review on pages 4 to 21 of this report.

1.2 Provident Financial plc ("the company") is a holding company. The main trading subsidiary companies in the UK home credit division are Provident Personal Credit and Greenwood Personal Credit; in the insurance division are Provident Insurance plc, Colonnade Insurance Brokers Limited and Colonnade Reinsurance Limited; and in the international home credit division are Provident Polska S.A. and Provident Financial s.r.o. Further details are contained on page 47 in note 9 of the notes to the accounts.

2 Dividends

An interim dividend of 9.9p per ordinary share was paid on 20 October 1999. The board recommends a final dividend of 14.9p per ordinary share to be paid on 5 May 2000 to shareholders on the register at the close of business on 7 April 2000. This makes a total dividend for the year of 24.8p per ordinary share.

3 Share capital

3.1 Decrease in issued ordinary share capital

During the year, the movements in issued ordinary share capital resulted in a decrease of 4,046,116 ordinary shares to 258,690,685. Details are set out on page 56 in note 20 of the notes to the accounts.

3.2 Employee savings-related share option schemes

3.2.1 The Provident Financial plc Employee Savings-Related Share Option Scheme ("the 1983 scheme")

No further options can be granted under the 1983 scheme. At 31 December 1999, directors, employees and former employees held options under the 1983 scheme to acquire 5,514 ordinary shares at a price of 81.6p, exercisable up until 31 January 2000. Options on 344,068 ordinary shares were exercised during the year. Since the year end 4,595 options have been exercised and the remainder have lapsed.

3.2.2 The Provident Financial plc Employee Savings-Related Share Option Scheme (1993) ("the 1993 scheme")

Options were granted over 651,837 ordinary shares on 7 September 1999. At 31 December 1999, directors, employees and former employees held options under the 1993 scheme to acquire 3,321,805 ordinary shares at prices ranging from 140p to 744p, exercisable at various dates up to and including 2007. Options on 657,438 ordinary shares were exercised during the year and options on a further 9,988 shares have been exercised since the year end. No options have been granted since the year end.

3.3 Executive share option schemes

3.3.1 The Provident Financial plc Senior Executive Share Option Scheme ("the 1985 scheme")

No further options can be granted under the 1985 scheme. At 31 December 1999, directors, employees and former employees held options under the 1985 scheme to acquire 182,000 ordinary shares at prices of 256.5p and 276.5p, exercisable at various dates up to and including 2005. Options on 120,000 ordinary shares were exercised during the year. Since the year end no options have been exercised.

3.3.2 The Provident Financial plc Senior Executive Share Option Scheme (1995) ("the 1995 scheme")

Options were granted over 138,127 ordinary shares on 3 March 1999 at a price of 979.3p, and over 2,892 ordinary shares on 4 May 1999 at a price of 1,037p, exercisable normally between 2002 and 2009, subject to performance targets being achieved. At 31 December 1999, directors, employees and former employees held options under the 1995 scheme to acquire 156,244 ordinary shares at prices ranging from 979.3p to 1,037p, exercisable at various dates up to and including 2009. No options were exercised during the year. Since the year end no options have been exercised. On 28 February 2000, options were granted over 11,538 ordinary shares at a price of 520p, exercisable normally between 2003 and 2010, subject to performance targets being achieved.

3.3.3 The Provident Financial plc Unapproved Senior Executive Share Option Scheme (1996) ("the 1996 scheme")

Options were granted over 346,340 ordinary shares on 3 March 1999 at a price of 979.3p, and over 30,377 ordinary shares on 4 May 1999 at a price of 1,037p, exercisable normally between 2002 and 2009, subject to performance targets being achieved. At 31 December 1999, directors, employees and former employees held options under the 1996 scheme to acquire 1,649,426 ordinary shares at prices ranging from 450p to 1,037p, exercisable at various dates up to and including 2009. Options on 24,817 shares were exercised during the year. Since the year end no options have been exercised. On 28 February 2000, options were granted over 436,203 ordinary shares at a price of 520p, exercisable normally between 2003 and 2010, subject to performance targets being achieved.

3.4 The Provident Financial Qualifying Employee Share Ownership Trust ("the QUEST")

The QUEST, a discretionary trust for the benefit of group directors and employees, operates in conjunction with the employee savings-related share option schemes. The trustee, Provident Financial Trustees Limited, is a subsidiary of the company. As at 1 January 1999, the trustee held 4,012,289 ordinary shares in the company. During 1999, 1,001,506 ordinary shares were transferred to directors and employees on the exercise of options pursuant to those employee schemes. On 31 December 1999 the trustee held 3,010,783 ordinary shares in the company. Further details are set out on page 48 in note 10 of the notes to the accounts.

3.5 Purchase of shares

3.5.1 At the annual general meeting of the company held on 29 April 1999, the shareholders authorised the company to purchase up to 26 million of its ordinary shares. This authority expires at the conclusion of the forthcoming annual general meeting ("the AGM") to be held on 27 April 2000.

3.5.2 On 26 October 1999 the company purchased 2,627,445 ordinary shares with a nominal value of £272,299 (1.02% of the current issued ordinary share capital) at a price of 675p per share. These shares were cancelled on 3 November 1999. On 19 November 1999 the company purchased 1,100,000 ordinary shares with a nominal value of £114,000 (0.43% of the current issued ordinary share capital) at a price of 680p per share. These shares were cancelled on 26 November 1999. On 2 December 1999 the company purchased 425,000 ordinary shares with a nominal value of £44,045 (0.16% of the current issued ordinary share capital) at an average price of 679.71p per share. These shares were cancelled on 9 December 1999. On 7 December 1999 the company purchased 38,488 ordinary shares with a nominal value of £3,989 (0.01% of the current issued ordinary share capital) at an average price of 670.56p per share. These shares were cancelled on 13 December 1999. On 17 December 1999 the company purchased 998,901 ordinary shares with a nominal value of £103,522 (0.38% of the current issued ordinary share capital) at a price of 690p per share. These shares were cancelled on 5 January 2000. On 21 December 1999 the company purchased 10,652 ordinary shares with a nominal value of £1,104 (0.004% of the current issued ordinary share capital) at an average price of 671.27p. These shares were cancelled on 6 January 2000.

3.5.3 Thus, in total, 5,200,486 ordinary shares with a nominal value of £538,959 (2% of the current issued ordinary share capital) were purchased for an aggregate consideration (excluding stamp duty and fees of £264,962) of £35,326,010. The purpose was to return excess capital to shareholders and enhance the company's earnings per share.

3.5.4 In the period from 1 January to 28 February 2000 the company purchased a further 5,126,703 ordinary shares with a nominal value of £531,313 (1.99% of the current issued ordinary share capital) at an average price of 516p.

3.5.5 A further authority for the company to purchase its ordinary shares will be sought from shareholders at the AGM.

3.6 Substantial shareholdings

The company has received notifications from Prudential Corporation plc (on behalf of itself and segregated managed funds) and Schroder Investment Management Limited that each is interested in more than 10% of the ordinary share capital of the company. The company has received notification from Axa Sun Life Investment Management Limited that it is interested in more than 3% of the ordinary share capital of the company. As at 28 February 2000, on the basis of the information available to the company, these and the following investment managers (through segregated managed funds) had interests in aggregate amounting to over 3%:

Schroder Investment Management Limited	10.41%
Prudential Portfolio Managers Limited	10.26%
Gartmore Investment Management Limited	3.90%
Baillie Gifford & Co	3.65%
Mercury Asset Management Limited	3.55%
Axa Sun Life Investment Management Limited	3.09%

4 Directors

4.1 The directors of the company are shown on pages 22 and 23 of this report.

4.2 In accordance with the articles of association, P W Bretherton, P A Davis and C H Gregson retire by rotation and, being eligible, offer themselves for re-election at the AGM. P R Fryer will be retiring as a director immediately after the AGM.

4.3 J A Harnett was appointed as a director after the 1999 annual general meeting on 29 April 1999. He offers himself for election at the AGM.

4.4 The directors' interests in shares of the company and its subsidiaries are disclosed on page 29.

4.5 During the year no director had a material interest in any contract of significance to which the company or a subsidiary undertaking was a party.

4.6 As permitted by Section 310(3)(a) of the Companies Act 1985, the company maintains liability insurance cover for directors and officers of the company.

5 European monetary union (EMU)

5.1 Working parties have been established within the group. They have considered the implications of the introduction of the euro and an impact study has been prepared for the group. Responsibility for EMU preparation rests with a steering group chaired by J A Harnett.

5.2 The costs associated with the introduction of the euro in the Republic of Ireland are not significant. It is too early to forecast the potential costs of the euro's introduction in the UK.

Directors' report continued

6 Year 2000 date change

Changes to ensure the efficient and effective transition of the group's major business systems through the millennium date change were successfully completed. The group did not experience any significant year 2000 date change problems and does not anticipate any substantive residual risks. The total cost to the group, which principally comprised internal development costs, was £2.2 million.

7 Corporate governance

Full details of the company's approach to corporate governance, the remuneration report and the directors' statement of compliance with the Combined Code are set out on pages 27 to 34 of this report.

8 Employee involvement

8.1 The company operates the Provident Financial plc Employee Savings-Related Share Option Scheme (1993) (referred to in paragraph 3.2.2 above). 2,249 employees are currently saving to buy shares in the company under this scheme. One of the three directors of the trustee company of the QUEST has been selected by group employees.

8.2 The company produces an annual report for staff which comments on the published annual results. There are also operating company newsletters. There are team briefings, staff meetings and conferences, including trades union meetings in those companies which recognise unions.

8.3 The group operates a number of pension schemes. Involvement in the two major group pension schemes, which together cover most of the group employees, is achieved by the appointment of member trustees of each scheme and by regular newsletters and communications from the trustees to members.

8.4 The company achieved recognition by Investors in People in 1997. It is fully committed to encouraging employees at all levels to study for relevant educational qualifications and to training employees at all levels in the group.

9 Community involvement and donations

9.1 The group's community involvement is referred to on pages 16 and 17 and in the separate document "Community Investment Programme 1999".

9.2 During the year, the company made donations for charitable purposes of £179,673. The group invested a further £336,344 in support of community programmes (based on the London Benchmarking Group's guidelines). No political donations were made.

10 The environment

10.1 The company's policy is to protect and improve the quality of life through sound environmental practice. All aspects of the group's business and related activities are conducted in such a way as to minimise the effect, so far as possible, of any environmentally harmful activities or processes.

10.2 The company is involved in recycling both paper and ink cartridges. It also utilises energy conservation measures. Its motor vehicle fleet purchase policies take account of environmental factors.

11 Equal opportunities

The company is committed to equal opportunity in recruitment, promotion and employment and does not discriminate on the basis of sex, race or religion. It gives full and fair consideration to applications for employment from disabled persons and their subsequent training and career development.

12 Supplier policy statement

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

12.2 The company acts as a holding company and had no trade creditors at 31 December 1999. The average number of days' credit taken by the group during the year was 23 days (1998 26 days).

13 Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office as the company's auditors and a resolution to reappoint them and to authorise the directors to fix their remuneration will be proposed at the AGM.

14 Annual general meeting

The 40th AGM of the company will be held at 12 noon on Thursday 27 April 2000 at the Cedar Court Hotel, Mayo Avenue, off Rooley Lane, Bradford, West Yorkshire BD5 8HZ. The Notice of Meeting, together with an explanation of the items of business, will be contained in the Chairman's letter to shareholders to be dated 24 March 2000.

P.W. Bretherton

By order of the board
P W Bretherton LLM
Company Secretary
6 March 2000

Narrative statement on corporate governance

1 Introduction
This statement explains how the company has applied the principles set out in section 1 of the Combined Code, being the principles of good governance and code of best practice prepared by the Hampel Committee on Corporate Governance, appended to, but not forming part of, the Listing Rules of the London Stock Exchange.

2 Directors
2.1 The board leads and controls the company. It currently comprises an executive Chairman, five executive directors and four non-executive directors; it is thus well balanced. Each of the non-executive directors is independent for the purposes of the Combined Code (namely, independent of management and free from any business or other relationship which could materially interfere with the exercise of his or her independent judgement).

2.2 The board meets seven times a year, including an annual planning conference. Additional meetings are called when required and there is frequent contact between meetings where necessary to progress the company's business. A pack of board papers (including a detailed agenda) is sent to each director in the week before the board meeting so that he or she has sufficient time to review them. A detailed paper is provided on any issue where the board is to be asked to make a decision. All directors are therefore able to bring an independent judgement to bear on issues such as strategy, performance, resources and standards of conduct.

2.3 All directors are able to consult with the Company Secretary. In addition, there is a formal procedure by which any director may take independent professional advice at the company's expense in the performance of his or her duties. The removal of the Company Secretary is a matter for the board.

2.4 Under the company's articles of association, one third of the directors are obliged to retire by rotation. Thus, in practice, each director will submit himself or herself for re-election every three years. A director who is initially appointed by the board is subject to election at the annual general meeting following his or her appointment. In 1999, biographical details of the directors submitted for election and re-election at the annual general meeting were supplied to shareholders in the relevant circular, dated 26 March 1999.

2.5 Non-executive directors are appointed for fixed periods of three years, subject to election by shareholders. Their initial three years may be extended for a further three year period, subject to re-election by shareholders.

2.6 Training for directors is reviewed annually. Where a new director is appointed, full consideration is given to training needs and an appropriate individual programme is arranged.

2.7 The roles of the Chairman and Chief Executive are separated. The non-executive Deputy Chairman is the senior member other than the Chairman to whom concerns can be conveyed. The executive directors are responsible for the day-to-day running of the group but the board has a formal schedule of matters specifically reserved to it for decision, including corporate strategy, approval of budgets, financial results, new board appointments, proposals for dividend payments and the approval of all major transactions. This schedule is reviewed on an annual basis and was last amended on 9 December 1998.

3 Board committees
3.1 The board has appointed five committees. All committees have written terms of reference which are reviewed on an annual basis.

3.1.1 Audit committee
During 1999 this committee consisted of P A Davis, A C M Heylin and J C Hodkinson under the chairmanship of C H Gregson. It meets three times a year and forms an important part of the group's control framework. It keeps under review the adequacy of internal financial controls, accounting policies and financial reporting. It also keeps under review non-audit services provided to the company by its auditors, seeking to balance the maintenance of objectivity and value for money. Meetings are attended by both the internal and external auditors as required and by the Finance Director. At least once a year the members of the committee meet with the external auditors without an executive director being present. The internal audit function reports to the audit committee. This guarantees the function's independence from group management and ensures that appropriate action is taken in response to audit findings.

3.1.2 Executive committee
From 1 January to 28 April 1999, this committee consisted of R J Ashton, H J Bell, P W Bretherton and P R Fryer under the chairmanship of J P van Kuffeler. On 29 April 1999, J A Harnett became a member of this committee. It meets as required and deals with matters relating to the running of the group, other than those matters reserved to the board and those specifically assigned to the other committees.

3.1.3 Nomination committee
During 1999 this committee consisted of H J Bell, P A Davis, C H Gregson, A C M Heylin and J C Hodkinson under the chairmanship of J P van Kuffeler. Its remit is to assist the board in the process of the selection and appointment of any new director.

3.1.4 Remuneration committee
During 1999 this committee consisted of C H Gregson, A C M Heylin and J C Hodkinson under the chairmanship of P A Davis. It considers the framework of executive remuneration and makes recommendations to the board. It also considers the specific remuneration packages and conditions of service of the executive directors, including their service agreements. It meets at least three times a year.

3.1.5 Risk advisory committee
This committee was established on 8 December 1999 and comprises H J Bell, P A Davis, C H Gregson and A C M Heylin under the chairmanship of J C Hodkinson. Its function is to keep under review the effectiveness of the group's system of internal control, including operational and compliance controls and risk management.

4 Remuneration report

4.1 Introduction
For many years the company has followed accepted best practice in matters concerning executive directors' service agreements and remuneration. The remuneration committee ("the Committee") consists of the non-executive directors. Details of the membership of the Committee are set out in paragraph 3.1.4 above.

4.2 Remuneration policy
4.2.1 The remuneration policy applied by the Committee is based on the need to attract, reward, motivate and retain executive directors in a manner consistent with the long-term accumulation of value for shareholders. The Committee is also conscious of the need to avoid paying more than is reasonable for this purpose.

4.2.2 The Committee has considered the best practice provisions in Schedule A of the Combined Code. It determines executive packages for each of the executive directors. No director is involved in deciding his own remuneration.

4.2.3 The Committee consults with the Chairman about the proposals for the Chief Executive's salary and with the Chief Executive about the proposals for the other executive directors. The Committee has access to professional advice from both inside and outside the company.

4.3 Directors' remuneration
4.3.1 The executive directors' remuneration consists of an annual salary, an annual cash bonus and other benefits. In addition, the directors participate in share option schemes and pension schemes.

4.3.2 Salaries for executive directors are reviewed annually and changes are effective from 1 January. For 2000, there was a review of salaries taking into account the group's business performance, salary and bonus trends in the UK, internal relativities, the Committee's decision (following research) to rebalance the proportion of total remuneration paid as salary and as bonus and each individual director's performance. Comparisons were made with appropriate companies of similar size and with broadly comparable activities but without giving undue weight to these. The executive directors' salary increases averaged 15% and these increases were implemented from 1 January 2000.

4.3.3 Annual cash bonuses are payable. They are calculated as a percentage of salary.

4.3.3 (a) Executive directors are eligible for annual cash bonuses by reference to the growth in the company's earnings per share over the previous financial year and the achievement of agreed personal objectives. For 2000, no bonus will be payable if growth in earnings per share is less than 6%. Up to 20% of salary will be payable if growth in earnings per share is 6% and the percentage rises to a maximum of 100% of salary for 29% growth in earnings per share, provided that each director's agreed personal objectives have also been achieved.

4.3.3 (b) The purpose of the bonus scheme is to provide a meaningful incentive for executive directors which is clearly focused on improving the group's performance and directly aligns shareholder and executive director interests.

4.3.3 (c) Bonuses do not form part of pensionable earnings.

4.3.4 The executive directors are provided with company-owned cars, fuel, long-term disability income insurance under the company's insured permanent health policy and medical cover for them and their immediate families. Benefits in kind are not pensionable.

4.3.5 Full details of salaries, bonus earnings and other benefits for 1999 (with 1998 comparative figures) are set out in the table of directors' remuneration in paragraph 4.3.7 below.

4.3.6 The fees for the non-executive directors are fixed by the board. Their business expenses are reimbursed. Full details of their fees for 1999 (with 1998 comparative figures) are set out in the table of directors' remuneration in paragraph 4.3.7 below.

4.3.7 Directors' remuneration

The aggregate directors' emoluments during the year amounted to £1,866,000 (1998 £1,817,000) analysed as follows:

	Salary £'000	Bonus £'000	Benefits £'000	Fees £'000	1999 Total £'000	1998 Total £'000
Executive Chairman						
J P van Kuffeler	330	89	28	–	447	475
Executive directors						
H J Bell	272	74	24	–	370	396
R J Ashton	186	50	21	–	257	277
P W Bretherton	187	51	33	–	271	296
P R Fryer	178	48	21	–	247	271
J A Harnett*	120	32	11	–	163	–
	943	255	110	–	1,308	1,240
Non-executive directors						
P A Davis	–	–	4	25	29	29
C H Gregson	–	–	–	25	25	25
A C M Heylin	–	–	4	25	29	29
J C Hodkinson**	–	–	3	25	28	11
A G Thomas***	–	–	–	–	–	8
	–	–	11	100	111	102
Total	1,273	344	149	100	1,866	1,817

* Remuneration in 1999 from date of appointment as a director.

** Remuneration in 1998 from date of appointment as a director.

*** Remuneration in 1998 up until date of resignation as a director.

4.4 Directors' interests in shares

4.4.1 The interests of the directors in the issued share capital of the company were as follows:

	Beneficial holdings Number of shares 31 December 1999	1 January 1999
J P van Kuffeler	181,542	121,542
H J Bell	222,431	210,746
R J Ashton	55,693	30,513
P W Bretherton	155,069	141,768
P R Fryer	29,981	22,639
J A Harnett	–	–*
P A Davis	1,929	1,929
C H Gregson	1,837	–
A C M Heylin	–	–
J C Hodkinson	–	–

* At date of appointment as a director.

4.4.2 As at 31 December 1999 P W Bretherton had a non-beneficial interest in 12,461 shares (1 January 1999 12,461). On 24 February 2000 this increased by 9,092 shares to 21,553 and P W Bretherton's beneficial interest reduced by 9,092 to 145,977. There were no other changes in either beneficial or non-beneficial holdings between 31 December 1999 and 28 February 2000.

4.4.3 The QUEST operates in conjunction with the Provident Financial plc employee savings-related share option schemes and shares are transferred from the QUEST to employees when they exercise options. The directors, as beneficiaries under the QUEST along with group employees, are technically treated as having an interest in the shares held by the QUEST. As at 31 December 1999, the QUEST held 3,010,783 shares in the company.

4.5 Share option schemes

4.5.1 Directors' share options at 31 December 1999 were as follows:

Director's name	1 January 1999	Granted in 1999	Exercised in 1999	31 December 1999	Exercise price (p)	Market price at date of exercise (p)	Range of exercisable dates of options held at 31 December 1999
J P van Kuffeler	30,000	–	(30,000)	–	256.5	983.0	3/1997-2/2004
	30,000	–	(30,000)	–	276.5	983.0	3/1998-2/2005
	45,000	–	–	45,000	450.0		9/1999-9/2006
	75,803	–	–	75,803	638.5		9/2000-8/2007
	37,664	–	–	37,664	985.0		8/2001-8/2008
	3,395	–	–	3,395*	508.0		11/2002-4/2003
	–	47,483	–	47,483	979.3		3/2002-3/2009
	221,862	47,483	(60,000)	209,345			
H J Bell	11,029	–	(11,029)	–*	81.6	850.0	8/1999-1/2000
	20,000	–	–	20,000	256.5		3/1997-2/2004
	20,000	–	–	20,000	276.5		3/1998-2/2005
	5,176	–	–	5,176*	226.0		8/2002-1/2003
	30,000	–	–	30,000	450.0		9/1999-9/2006
	62,647	–	–	62,647	638.5		9/2000-8/2007
	1,358	–	–	1,358*	508.0		11/2002-4/2003
	30,964	–	–	30,964	985.0		8/2001-8/2008
	–	39,314	–	39,314	979.3		3/2002-3/2009
	181,174	39,314	(11,029)	209,459			
R J Ashton	50,000	–	(50,000)	–	256.5	1,034.0	3/1997-2/2004
	30,000	–	–	30,000	450.0		9/1999-9/2006
	43,774	–	–	43,774	638.5		9/2000-8/2007
	2,620	–	–	2,620*	744.0		11/2005-4/2006
	20,660	–	–	20,660	985.0		8/2001-8/2008
	–	26,651	–	26,651	979.3		3/2002-3/2009
	147,054	26,651	(50,000)	123,705			
P W Bretherton	11,029	–	(11,029)	–*	81.6	796.5	8/1999-1/2000
	2,785	–	–	2,785*	140.0		8/2000-1/2001
	20,000	–	–	20,000	256.5		3/1997-2/2004
	20,000	–	–	20,000	276.5		3/1998-2/2005
	3,451	–	–	3,451*	226.0		8/2002-1/2003
	30,000	–	–	30,000	450.0		9/1999-9/2006
	44,448	–	–	44,448	638.5		9/2000-8/2007
	1,535	–	–	1,535*	508.0		11/2004-4/2005
	524	–	–	524*	744.0		11/2005-4/2006
	20,832	–	–	20,832	985.0		8/2001-8/2008
	–	26,447	–	26,447	979.3		3/2002-3/2009
	154,604	26,447	(11,029)	170,022			
P R Fryer	10,000	–	(10,000)	–	256.5	933.0	3/1997-2/2004
	40,000	–	–	40,000	276.5		3/1998-2/2005
	4,579	–	–	4,579*	226.0		8/2000-1/2001
	30,000	–	–	30,000	450.0		9/1999-9/2006
	42,287	–	–	42,287	638.5		9/2000-8/2007
	767	–	–	767*	508.0		11/2000-4/2001
	19,796	–	–	19,796	985.0		8/2001-8/2008
	–	25,222	–	25,222	979.3		3/2002-3/2009
	147,429	25,222	(10,000)	162,651			
J A Harnett	–	33,269	–	33,269	1,037.0		5/2002-5/2009
Total	852,123	198,386	(142,058)	908,451			

* employee savings-related share options

4.5.2 The executive share option schemes provide a longer term incentive for executive directors and senior managers. The Committee considers that these schemes are an important part of the link between the interests of shareholders and of executive directors and senior managers. The grant of options under these schemes to executive directors and senior managers is normally considered once in each year after the announcement of the company's results in accordance with a formula based on a multiple of salary. In 1997, the Committee decided that grants of options to executive directors should be phased over a three year period. No executive options have been offered at a discount.

4.5.3 The Provident Financial plc Senior Executive Share Option Scheme (1995) is an Inland Revenue approved scheme. The Provident Financial plc Unapproved Senior Executive Share Option Scheme (1996) is not approved by the Inland Revenue. Both have performance targets which have to be met before any options can be exercised. Broadly, these are that over a three year period the real growth in earnings per share must average 3% a year (after making appropriate adjustments for inflation).

4.5.4 The executive directors (together with other eligible group employees) participate in the Provident Financial plc Employee Savings-Related Share Option Scheme (1993). Participants save a fixed sum each month for three or five years and have the option to use these funds to purchase shares after three, five or seven years. The exercise price is fixed at up to 20% below the market value of the shares at the date directors and employees are invited to participate in the scheme. Up to £250 can be saved each month.

4.5.5 The aggregate notional gain (representing the difference between the exercise price and the market price of the shares at the date of exercise) made by all the directors on the exercise of share options during 1999 amounted to £1,050,000 (1998 £237,000).

4.5.6 The company's highest paid director in 1999 was J P van Kuffeler, whose emoluments amounted to £447,000 and whose notional gains (representing the difference between the exercise price and the market price of the shares at the date of exercise) on the exercise of share options amounted to £430,000. In 1998 the company's highest paid director was R J Ashton with emoluments of £277,000 and notional gains of £237,000.

4.5.7 None of the options held by the directors lapsed during the year.

4.5.8 The mid-market quotation of the company's shares on 31 December 1999 was 700p and the range during 1999 was 671.5p to 1,106p.

4.5.9 On 28 February 2000, options were granted under the 1996 scheme over ordinary shares at a price of 520p, exercisable normally between 2003 and 2010, subject to performance targets being achieved, as follows: J P van Kuffeler 32,693 shares; H J Bell 40,385 shares; R J Ashton 24,232 shares; P W Bretherton 19,233 shares; P R Fryer 9,232 shares and J A Harnett 87,500 shares. On the same day options were granted under the 1995 scheme over ordinary shares at the same price and with the same exercise dates as follows: J P van Kuffeler 5,769 shares and R J Ashton 5,769 shares. There were no other changes in directors' share options between 31 December 1999 and 28 February 2000.

4.5.10 None of the directors has notified the company of an interest in any other shares, transactions or arrangements which require disclosure.

4.6 Pensions and life assurance

4.6.1 Pension and life assurance benefits for executive directors (other than J P van Kuffeler and J A Harnett) are provided through the Provident Financial Senior Pension Scheme ("the senior pension scheme").

4.6.2 J P van Kuffeler and J A Harnett each have a defined contribution pension arrangement and each is also a member of the Provident Financial Supplemental Pension Scheme, which was established for employees whose benefits from tax-approved schemes are restricted by the earnings cap. Life assurance benefit up to the level of the earnings cap is provided by the senior pension scheme; additional death in service benefit is provided by the Provident Financial Unapproved Funded Death Benefits Scheme.

4.6.3 There are four directors (1998 four) for whom retirement benefits are accruing under the group's defined benefit schemes and two directors (1998 one) for whom retirement benefits are accruing under money purchase schemes. All the executive directors, except J P van Kuffeler and J A Harnett, participate in the senior pension scheme, a defined benefit scheme which provides pensions and other benefits within Inland Revenue limits. The senior pension scheme provides, in respect of service from 1 January 2000, a pension of up to two-thirds of basic salary at the normal retirement date at age 60. The pension provided in respect of service prior to 1 January 2000 is up to two-thirds of basic salary at the normal retirement date at age 60 reduced by an amount approximately equal to two-thirds of the single person's basic rate state pension from state pension age. The senior pension scheme is contributory and with effect from 1 January 2000 directors contribute at the rate of 6% of basic salary. Prior to this date the directors contributed at the rate of 6% of basic salary net of an amount approximately equal to the single person's basic rate state pension.

4.6.4 Details of the pension entitlements earned during 1999 are set out below:

Director's name	Age 31 December 1999	Accrued annual pension* 31 December 1999 £	Accrued annual pension* 31 December 1998 £	Increase in annual pension** 1999 £	Increase in annual pension** 1998 £	Director's contribution 1999 £	Director's contribution 1998 £
H J Bell	55	159,500	133,000	22,200	19,700	15,200	13,000
R J Ashton	41	57,500	46,600	9,400	7,600	10,300	8,900
P W Bretherton	54	100,800	84,000	14,100	11,700	10,400	9,100
P R Fryer	57	108,800	91,300	14,600	12,000	9,900	8,600

* Accrued annual pension is the pension to which the director would be entitled at his normal retirement date based on the number of years of pensionable service at 31 December 1999, assuming no further contributions after that date.

** Increase in annual pension is the increase during the year in the accrued annual pension arising from the changes in pensionable service and salary, over and above any general increase to compensate for inflation.

4.6.5 The senior pension scheme also provides spouses' pensions (of four-ninths of basic salary at date of death if the director dies in service and two-thirds of the director's pension if the director dies in retirement) and lump sums on death in service (of four times basic salary at date of death plus a return of the director's contributions). If the director does not leave a spouse, the pension will be paid to any dependants at the discretion of the trustees of the senior pension scheme.

4.6.6 A director can normally retire under the senior pension scheme rules at any time between ages 50 and 60, in which case the pension payable would be the accrued pension (based on salary and pensionable service at the date he leaves the service of the company) reduced to reflect the longer period for which it will be paid.

4.6.7 Pensions in respect of service up to 1 January 2000 are guaranteed to increase, when in payment, at a rate of 5% each year. Pensions in respect of service from 1 January 2000 are guaranteed to increase each year by the lower of the annual increase in the retail prices index and 5%. Discretionary increases may be granted by the trustees with the consent of the company.

4.6.8 There are no discretionary benefits for which allowance is made when calculating transfer values on leaving service.

4.6.9 For J P van Kuffeler, the company contributes 23% of his basic salary to his pension arrangements, which are invested to produce benefits at his normal retirement date at age 60 or on death. He is also eligible for a lump sum death benefit of four times basic salary at date of death. Provision of these benefits is through personal pension policies, the Provident Financial Supplemental Pension Scheme and the Provident Financial Unapproved Funded Death Benefits Scheme. The company's contribution in respect of J P van Kuffeler during 1999 (including the cost of the life insurance) amounted to £79,400 (1998 £74,362).

4.6.10 For J A Harnett, the position is identical to that specified in paragraph 4.6.9 for J P van Kuffeler, except that the company contributes 20% of his basic salary to his pension arrangements. The company's contribution in respect of J A Harnett during 1999 (including the cost of the life insurance) amounted to £24,387.

4.7 Service agreements

The executive directors have service agreements which require two years' notice to be given by the company. The company and the Committee consider that the two year notice periods are in the best interests of the group. The company has a policy and a record of retaining its executive directors and management over the longer term and providing them with extensive development opportunities and with support in their study for qualifications. In view of the group's specialist businesses, the main concern is to retain senior management and seek to ensure that they are not able to leave and make their valuable experience and training available to a competitor without adequate safeguards. The company and the Committee have in the past paid, and will in future pay, particular attention to the arrangements for early termination, especially for poor performance. Full use of mitigation and phased compensation payments has been, and would be, made.

4.8 Directors' service agreements and the 2000 annual general meeting

4.8.1 J A Harnett was appointed as a director on 29 April 1999 and is offering himself for election at the annual general meeting ("AGM") to be held on 27 April 2000. He has a service agreement with a two year notice period.

4.8.2 Three directors are offering themselves for re-election at the forthcoming AGM. P W Bretherton has a service agreement with a two year notice period. P A Davis has a term of appointment which expires on 13 July 2000. C H Gregson has a term of appointment which expires on 8 February 2001.

4.8.3 The board considered on 27 January 2000 whether the policy set out in the remuneration report should be an agenda item for the forthcoming AGM and decided that it would not form part of the agenda.

4.9 External appointments
The Committee believes that the company and the executive director concerned can benefit from the director accepting appropriate external appointments, including appointment to a non-associated company as a non-executive director. The Committee will generally allow up to two appointments. In normal circumstances directors are permitted to retain fees and expenses from external appointments.

4.10 Audit
All elements of the directors' remuneration, including pension entitlements and share options, have been audited.

5 Relations with shareholders
5.1 The directors meet with institutional shareholders on a regular basis.

5.2 The company encourages private investors to attend the AGM. The chairmen of all the board committees are available to answer questions from shareholders. There is an opportunity for shareholders to ask questions generally and on each resolution proposed.

5.3 At the 1999 AGM details of proxy votes cast on each resolution were made available to shareholders at the end of the meeting on a summary sheet and the company intends to adopt this practice at the forthcoming AGM.

5.4 At the 1999 AGM the company proposed separate resolutions on substantially separate issues and will continue to do so. The company has in previous years generally given shareholders longer notice of the AGM than is required by law. Last year 21 working days' notice of the 1999 AGM was given; this year 21 working days' notice is again being given.

5.5 The company established the Provident Financial Company Nominee Scheme to enable shareholders to take advantage of a low-cost telephone dealing service through the CREST electronic settlement system. Members of this scheme receive all documents sent to shareholders and may attend, speak and vote at the AGM.

6 Accountability and audit
6.1 The board presents the company's position and prospects in as clear a way as possible, both by means of the accounts and in circulars and reports to shareholders.

6.2 The board is responsible for the group's system of internal control. Any system can provide only reasonable and not absolute assurance of meeting internal control objectives.

6.3 The group's internal audit function is provided by KPMG. The audit committee formally agrees the internal audit plan once a year and reviews regular reports on the activity of the internal audit function.

6.4 The key elements of the internal control system which have been established are as follows:

6.4.1 In December each year the board approves detailed budgets and cash flow forecasts for the year ahead. It also approves outline projections for the subsequent two years and estimates for a further two years. A detailed review takes place at the half-year. Actual performance against budgets is monitored in detail regularly and reported monthly for review by the directors. The company reports to shareholders on a half-yearly basis.

6.4.2 The audit committee keeps under review the adequacy of internal financial controls in conjunction with the internal auditors and reports to the board annually. An annual programme of work which targets and reports on higher risk areas is carried out by the internal auditors. The operation of internal financial controls is monitored by regular management reviews, including a procedure by which operating companies certify compliance quarterly.

6.4.3 The board requires its subsidiaries to operate in accordance with its corporate policies and subsidiaries are obliged to certify compliance on an annual basis.

6.4.4 The key risks attaching to the group's business and their financial implications are kept under review: appropriate action is taken where necessary. In 1999 the board formally reviewed key risks in conjunction with the internal auditors. In December 1999 the risk advisory committee was established (see paragraph 3.1.5 above) following a review of the group's system of internal control. In addition, the risk advisory group was established, consisting of the executive directors, the director of group accounting and the assistant company secretary. This group will formally review the risk assessments of the businesses and direct internal audit reviews of internal controls and particular areas of risk. It reports to the risk advisory committee.

6.4.5 The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and of the group and to prevent and detect material fraud and other irregularities.

6.4.6 The board and the audit committee have reviewed the operation of the group's framework of internal financial controls during 1999 and, on the basis that it is designed to provide reasonable but not absolute assurance, believe it to have been effective during the year.

6.5 The assets of the group's two major pension schemes are held separately from those of the group and are administered by separate boards of trustees chaired by P W Bretherton. Member trustees are appointed to each of the two trustee boards. The funds' assets are independently managed by Legal & General Assurance (Pensions Management) Limited, Mercury Asset Management Limited and Schroder Properties Limited and are held by custodians independent of the company and these companies. The rules of all the schemes prevent self-investment by the trustees in either shares of the company or property of the group.

7 Directors' responsibilities in relation to the accounts

7.1 The following statement, which should be read in conjunction with the report of the auditors on page 59, is made to distinguish for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

7.2 The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the group's profit or loss and cash flows for the financial year. The directors consider that in preparing the accounts on pages 36 to 58 the group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable Accounting Standards have been followed.

7.3 The directors have responsibility for ensuring that the company and the group keep accounting records which disclose with reasonable accuracy the financial position of the company and of the group and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors' statement of compliance with the Combined Code

Section A – Directors

The company has complied with all the provisions in Section A of the Combined Code throughout 1999.

Section B – Directors' remuneration

The company has complied with the provisions in Section B of the Combined Code in respect of 1999 with the exception of B.1.7. It is not considered appropriate that the notice periods in the executive directors' contracts should be reduced to one year for the reasons set out in paragraph 4.7 above.

Section C – Relations with shareholders

The company has complied with all the provisions in Section C of the Combined Code throughout 1999.

Section D – Accountability and audit

The company has complied with the provisions of Section D of the Combined Code throughout 1999. The Combined Code introduced a requirement that the directors review the effectiveness of the group's system of internal controls. This extends the existing requirement in respect of internal financial controls to cover all internal controls. Guidance for directors (Internal Control: Guidance for Directors on the Combined Code "the Turnbull guidance") was published in September 1999; the directors have taken advantage of the London Stock Exchange's transitional rules and have reported on internal financial controls in accordance with the guidance for directors on internal control and financial reporting which was issued in December 1994. However, the board confirms that it has established procedures necessary to implement the Turnbull guidance such that it can comply fully with the Combined Code for the accounting period ending on 31 December 2000.

Contents

Accounts

Consolidated profit and loss account

for the year ended 31 December 1999	Notes	1999 £'000	1998 £'000
Turnover	1	**582,561**	506,014
Cost of sales		**(290,676)**	(238,244)
Gross profit		**291,885**	267,770
Administrative expenses		**(136,864)**	(121,870)
Operating profit and profit before taxation	1	**155,021**	145,900
Taxation	3	**(43,406)**	(41,115)
Profit after taxation		**111,615**	104,785
Dividends	4	**(63,683)**	(151,776)
Retained profit/(loss) for the year	23	**47,932**	(46,991)

Earnings per share			
Basic	5	**43.15p**	40.12p
Diluted	5	**42.79p**	39.65p

The results shown in the profit and loss account derive wholly from continuing activities.
There is no material difference between the result for the year as shown above and the historical cost equivalent.

Statement of total recognised gains and losses

for the year ended 31 December 1999	1999 £'000	1998 £'000
Profit after taxation	**111,615**	104,785
Currency translation differences	**(1,099)**	(527)
Total recognised gains and losses relating to the year	**110,516**	104,258

Balance sheets

as at 31 December 1999	Notes	Group 1999 £'000	Group 1998 £'000	Company 1999 £'000	Company 1998 £'000
Fixed assets					
Tangible assets	8	**23,600**	22,068	**5,015**	4,847
Investments in subsidiary undertakings	9	**–**	–	**157,099**	156,253
Investment in own shares	10	**12,474**	14,503	**12,474**	14,503
		36,074	36,571	**174,588**	175,603
Current assets					
Amounts receivable from customers					
– due within one year	11(a)	**565,662**	522,318	**–**	–
– due in more than one year	11(a)	**9,470**	8,896	**–**	–
Debtors	14	**130,342**	107,303	**406,908**	329,497
Investments					
– realisable within one year	15(b)	**256,302**	223,635	**–**	–
– realisable in more than one year	15(b)	**10,000**	45,000	**–**	–
Cash at bank and in hand	15(a)	**42,423**	31,583	**63**	209
		1,014,199	938,735	**406,971**	329,706
Current liabilities					
Bank and other borrowings	12	**(23,138)**	(25,352)	**(13,862)**	(16,510)
Creditors – amounts falling due within one year	16	**(167,315)**	(116,332)	**(89,681)**	(65,736)
Insurance accruals and deferred income	17	**(306,660)**	(291,840)	**–**	–
		(497,113)	(433,524)	**(103,543)**	(82,246)
Net current assets		**517,086**	505,211	**303,428**	247,460
Total assets less current liabilities		**553,160**	541,782	**478,016**	423,063
Non-current liabilities					
Bank and other borrowings	12	**(294,144)**	(291,437)	**(272,308)**	(278,000)
Creditors – amounts falling due after more than one year	18	**–**	–	**(6,718)**	(13,437)
Provisions for liabilities and charges – deferred taxation	19	**–**	(3,043)	**(1,177)**	(4,972)
		(294,144)	(294,480)	**(280,203)**	(296,409)
Net assets		**259,016**	247,302	**197,813**	126,654
Capital and reserves					
Called up share capital	20	**26,705**	27,229	**26,705**	27,229
Share premium account	21	**47,211**	47,760	**47,211**	47,760
Merger reserve		**–**	–	**2,335**	2,335
Revaluation reserve		**1,641**	1,641	**2,703**	2,703
Other reserves	22	**2,990**	2,451	**2,163**	1,624
Profit and loss account	23	**180,469**	168,221	**116,696**	45,003
Equity shareholders' funds	24	**259,016**	247,302	**197,813**	126,654

These accounts were approved by the board on 6 March 2000.

John van Kuffeler Chairman
John Harnett Finance Director

Consolidated cash flow statement

for the year ended 31 December 1999	1999 £'000	1998 £'000
Net cash inflow from operating activities (see page 39)	**128,278**	87,930
Taxation		
UK corporation tax	**(15,173)**	(50,099)
Overseas tax	**(4,351)**	(459)
	(19,524)	(50,558)
Capital expenditure and financial investment		
Capital expenditure:		
Purchase of tangible fixed assets	**(7,674)**	(7,457)
Sale of tangible fixed assets	**948**	1,575
Options exercised (QUEST shares)	**2,029**	1,015
Financial investments other than liquid resources:		
Sale of investments	**35,000**	84,500
	30,303	79,633
Equity dividends paid	**(60,924)**	(147,981)
Management of liquid resources		
Purchase of investments	**(1,283,230)**	(769,585)
Sale of investments	**1,250,563**	697,046
	(32,667)	(72,539)
Financing		
Issue of share capital	**472**	468
New short and medium term loans	**66,330**	117,554
Repayment of short and medium term loans	**(66,033)**	(9,823)
Share buy-back	**(35,591)**	–
	(34,822)	108,199
Increase in cash in the period	**10,644**	4,684

The cash flow statement above has been prepared in accordance with FRS 1 (Revised 1996) "Cash Flow Statements". As required by that standard, the statement aggregates the cash flows arising from the insurance and home credit divisions. However, the cash and investments held by the insurance division are required by its regulators to be strictly segregated from the rest of the group and are not available to repay group borrowings. A commentary on the group's borrowings and investments has been included in the Finance Director's review on pages 18 to 21.

At 31 December 1999 the cash and investments held by the insurance division amounted to £292m (1998 £290m).

Liquid resources consist of bank and building society deposits and government securities that have a term of either one year or less to maturity when acquired or are traded on an active market.

Consolidated cash flow statement continued

Reconciliation of net cash flow to movement in net debt	1999 £'000	1998 £'000
Increase in net cash for the period	**10,644**	4,684
Cash outflow from increase in liquid resources	**32,667**	72,539
	43,311	77,223
Cash inflow from increase in debt	**(297)**	(107,731)
Change in net debt resulting from cash flows	**43,014**	(30,508)
Net debt at 1 January 1999	**(96,571)**	(66,063)
Net debt at 31 December 1999	**(53,557)**	(96,571)

Analysis of changes in net debt	1 January 1999 £'000	Cash flows £'000	Other non-cash changes £'000	31 December 1999 £'000
Cash at bank and in hand	31,583	10,840	–	**42,423**
Overdrafts	(6,238)	(196)	–	**(6,434)**
	25,345	10,644	–	**35,989**
Investments realisable within one year	188,635	32,667	–	**221,302**
Bank and other borrowings:				
– less than one year	(19,114)	9,128	(6,718)	**(16,704)**
– more than one year	(291,437)	(9,425)	6,718	**(294,144)**
Net debt	(96,571)	43,014	–	**(53,557)**

Cash, borrowings and overdraft balances shown above at 31 December 1999 and 1998 agree to the balance sheets at those dates. Investments realisable within one year exclude those current asset investments which are not considered to be liquid resources (being those investments with more than one year to maturity when acquired, but less than one year to maturity at the balance sheet date, other than investments which are traded on an active market).

Reconciliation of operating profit to net cash inflow from operating activities	1999 £'000	1998 £'000
Operating profit	**155,021**	145,900
Depreciation	**5,044**	4,627
Loss on sale of tangible fixed assets	**128**	266
Increase in amounts receivable from customers	**(43,918)**	(52,612)
Increase in debtors	**(22,327)**	(15,816)
Increase in unearned insurance premiums	**21,857**	11,482
Decrease in insurance claims provision	**(7,110)**	(10,491)
Increase in amounts due to retailers	**506**	1,136
Increase in accruals	**5,297**	13
Increase in other liabilities and deferred income	**13,780**	3,425
Net cash inflow from operating activities	**128,278**	87,930
Analysed as:		
Net cash inflow from UK home credit and central	**119,823**	81,618
Net cash outflow from international home credit	**(19,480)**	(5,635)
Net cash inflow from insurance	**27,935**	11,947
Net cash inflow from operating activities	**128,278**	87,930

Principal accounting policies

Accounting convention
The accounts have been prepared in compliance with the Companies Act 1985 and in accordance with applicable Accounting Standards. They have been prepared under the historical cost convention as modified to include the valuation of land and buildings at 31 December 1994.

Basis of consolidation
The consolidated profit and loss account and balance sheet include the accounts of the company and its operating subsidiaries drawn up to the end of the financial year. The results of subsidiaries acquired and sold during the year are included in the consolidated profit and loss account from the dates of acquisition or to the dates of disposal. Inter-company sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

Goodwill
Goodwill arising on acquisition, being the excess of the purchase consideration over the fair value of the assets acquired, is capitalised and amortised over its estimated useful economic life. Goodwill arising on acquisitions prior to the introduction of FRS 10 “Goodwill and Intangible Assets” is eliminated against reserves. On the subsequent disposal or closure of a business, goodwill previously eliminated against reserves is charged to the profit and loss account.

Revenue on instalment credit agreements
The charge payable by the customer on the amount of credit advanced is the group’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:

(i) at the inception of the agreement, the profit and loss account is credited with a proportion of revenue:
- mainly to cover initial expenses, and
- relating to debt insurance, other than an amount sufficient to cover the cost of potential rebates to customers for early settlement;

(ii) 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 the digits” method, mainly to cover finance costs, and the balance is credited proportionately to collections received.

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.

Insurance underwriting
In respect of motor insurance business, which is underwritten by Provident Insurance plc and undertaken on a reinsurance basis by Colonnade Reinsurance Limited, credit is taken for premium income over the life of the policy and commission and expenses are also charged over the life of the policy. The provision for outstanding claims is based on the estimated cost of settlement, including related administration costs, of all claims reported which remain outstanding at the balance sheet date, and claims incurred prior to the balance sheet date but not reported.

Investments
Deposits with financial institutions are stated at the lower of cost and estimated realisable value. Fixed interest securities which are generally held to maturity are valued at amortised cost. The amortisation is calculated so as to write off the difference between the purchase price and the maturity value over the life of the security. Gains and losses on disposals of investments are dealt with in the profit and loss account when realised.

Principal accounting policies continued

Fixed assets and depreciation

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

	%	Method
Land	Nil	–
Freehold and long leasehold buildings	2½	Straight line
Short leasehold buildings	Over the lease period	Straight line
Fixtures and fittings	10	Straight line
Equipment including computers	20 to 33⅓	Straight line
Motor vehicles	25	Reducing balance

Any impairment in value is charged to the revaluation reserve or the profit and loss account as appropriate.

On adoption of FRS 15 “Tangible Fixed Assets”, the group has followed the transitional provisions to retain the book value of land and buildings which were revalued in 1994 but not to adopt a policy of revaluation in the future.

Investment in own shares

Shares in the company held by the QUEST are shown at their estimated recoverable amount, being the option price of the shares payable by employees. The amount contributed to the QUEST in excess of the option price is charged against reserves.

Operating leases

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

Deferred taxation

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

Pension scheme arrangements

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

Foreign currencies

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

Exchange differences arising from the retranslation of the opening net assets of subsidiaries and 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.

Derivative financial instruments

Certain companies within the group are party to derivative financial instruments (“derivatives”) to manage exposures to fluctuations in interest rates.

Interest rate swap and cap agreements are used to manage interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to interest payable or receivable over the period of the contracts.

Turnover

Turnover, which excludes value added tax and both intra-segmental and inter-segmental transactions, comprises:

UK home credit	Revenue earned
International home credit	Revenue earned
Insurance	Underwriting: premiums written net of reinsurance Broking: commission and fees earned

Notes to the accounts

1 Segmental reporting

Analyses by class of business and geographical location of turnover, profit before taxation and net assets are set out in notes (a) and (b) below:

	Turnover		Profit before taxation		Net assets	
	1999	1998	1999	1998	1999	1998
(a) Class of business	£'000	£'000	£'000	£'000	£'000	£'000
UK home credit	**422,633**	390,642	**143,911**	136,910	**189,940**	149,788
International home credit	**8,757**	713	**(8,434)**	(4,725)	**(3,596)**	2,006
Insurance	**151,171**	114,659	**25,374**	19,619	**77,552**	65,438
	582,561	506,014	**160,851**	151,804	**263,896**	217,232
Central	**–**	–	**(5,830)**	(5,904)	**(4,880)**	30,070
Total	**582,561**	506,014	**155,021**	145,900	**259,016**	247,302

The international home credit loss before taxation can be analysed as follows:

	1999	1998
	£'000	£'000
Poland	**(2,657)**	(1,464)
Czech Republic	**(2,679)**	(1,142)
South Africa	**(703)**	(697)
Central divisional overheads	**(2,395)**	(1,422)
Total	**(8,434)**	(4,725)

	Turnover		Profit before taxation		Net assets	
	1999	1998	1999	1998	1999	1998
(b) Geographical analysis by location	£'000	£'000	£'000	£'000	£'000	£'000
UK and Republic of Ireland	**573,804**	505,301	**166,890**	155,107	**269,564**	216,064
Poland	**4,785**	439	**(2,657)**	(1,464)	**(2,939)**	983
Czech Republic	**3,611**	212	**(2,679)**	(1,142)	**(2,087)**	419
South Africa	**361**	62	**(703)**	(697)	**(642)**	(234)
	582,561	506,014	**160,851**	151,804	**263,896**	217,232
Central	**–**	–	**(5,830)**	(5,904)	**(4,880)**	30,070
Total	**582,561**	506,014	**155,021**	145,900	**259,016**	247,302

Analyses by class of business are based on the group's divisional structure.

Turnover between segments is not material and there is no material difference between the geographical analysis of turnover by location and by destination.

Notes to the accounts continued

2 Profit before taxation is stated after:

	1999 £'000	1998 £'000
Charging:		
Interest on borrowings (included in cost of sales)		
– bank loans and overdrafts	**16,547**	17,607
– other loans	**1,934**	2,537
Auditors' remuneration – audit services (company £42,000; 1998 £41,000)	**196**	188
– advice in relation to international home credit division	**152**	325
– other tax compliance and advice	**350**	344
– other non-audit services	**49**	40
Depreciation of tangible fixed assets	**5,044**	4,627
Loss on sale of tangible fixed assets	**128**	266
Operating lease rentals – equipment	**260**	181
– property	**4,563**	3,750
Crediting:		
Investment income (included in cost of sales)	**22,949**	21,886

In May 1998 the company paid a dividend of £93.6 million in connection with the share capital consolidation. This gave rise to additional interest costs in 1999 compared to 1998.

If this transaction had taken place on 1 January 1998, an additional interest cost of £3.1 million would have been incurred in 1998 resulting in a reduction in profit before taxation from £145.9 million to £142.8 million. Consequently, on a like for like basis, the profit in 1999 increased by 8.5%, from £142.8 million to £155.0 million.

For UK home credit, the additional interest cost of £3.1 million would have reduced profit before taxation in 1998 from £136.9 million to £133.8 million. On a like for like basis, therefore, UK home credit profit in 1999 increased by 7.5%, from £133.8 million to £143.9 million.

3 Taxation

	1999 £'000	1998 £'000
The charge for taxation on the profit for the year comprises:		
UK corporation tax chargeable on the profit for the year at 30.25% (1998 31%)	**44,373**	42,099
Deferred tax (note 19(c))	**134**	2,477
Overseas tax	**4,153**	525
	48,660	45,101
Prior year corporation tax	**(4,138)**	(4,369)
Prior year deferred tax (note 19(c))	**(3,890)**	145
Prior year overseas tax	**2,774**	238
Total	**43,406**	41,115

Retained profits of certain overseas subsidiaries would, if remitted to the UK, be subject to additional taxation for which no provision has been made in these accounts as there is currently no intention to remit such profits. The effective tax rate for 1999 is below the standard rate of UK corporation tax due to the favourable agreement of prior year tax liabilities.

4 Dividends

	1999 £'000	1998 £'000
Ordinary shares:		
Interim dividend paid of 9.9p per share (1998 8.9p)	**25,737**	23,034
Proposed final dividend of 14.9p per share (1998 13.6p)	**37,946**	35,187
Dividend paid in connection with share capital consolidation of 35.0p per share	**–**	93,555
Total	**63,683**	151,776

Notes to the accounts continued

5 Earnings per share

The basic and diluted earnings per share figures have been calculated using the profit for the year attributed to ordinary shareholders of £111,615,000 (1998 £104,785,000) and the weighted average number of shares in issue during the year.

The weighted average number of shares in issue during the year can be reconciled to the number used in the basic and diluted earnings per share calculations as follows:

Weighted average number of shares	1999 Number	1998 Number
In issue during the year	**262,281,979**	265,281,556
Held by the QUEST	**(3,640,080)**	(4,102,618)
Used in basic earnings per share calculation	**258,641,899**	261,178,938
Issuable on conversion of outstanding options	**2,190,714**	3,068,769
Used in diluted earnings per share calculation	**260,832,613**	264,247,707

6 Directors' remuneration

Details of directors' remuneration, share options, pension contributions and pension entitlements are included in the remuneration report on pages 28 to 33.

7 Employee information

(a) The average number of persons employed by the group (including executive directors) was as follows:	1999 Number	1998 Number
UK home credit	**2,740**	2,575
International home credit	**482**	85
Insurance	**1,255**	1,149
Central	**37**	35
Total	**4,514**	3,844
Analysed as:		
Full-time	**3,990**	3,379
Part-time	**524**	465
Total	**4,514**	3,844

(b) Group employment costs – all employees (including executive directors)	1999 £'000	1998 £'000
Aggregate gross wages and salaries paid to the group's employees	**74,916**	65,374
Employers' national insurance contributions	**6,328**	5,357
Pension costs (note 26)	**5,634**	5,407
Total	**86,878**	76,138

Notes to the accounts continued

8 Tangible fixed assets

(a) Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Equipment and vehicles £'000	Total £'000
Cost or valuation				
At 1 January 1999:				
Cost	1,152	1,557	37,237	39,946
Valuation in 1994	8,655	410	–	9,065
Exchange adjustments	–	–	(25)	(25)
Additions at cost	122	–	7,552	7,674
Disposals	(82)	(65)	(4,161)	(4,308)
	9,847	1,902	40,603	52,352
At 31 December 1999:				
Cost	1,246	1,492	40,603	43,341
Valuation	8,601	410	–	9,011
	9,847	1,902	40,603	52,352
Depreciation				
At 1 January 1999	862	491	25,590	26,943
Exchange adjustments	–	–	(3)	(3)
Charged to profit and loss account	238	66	4,740	5,044
Eliminated on disposal	(6)	(56)	(3,170)	(3,232)
At 31 December 1999	1,094	501	27,157	28,752
Net book value at 31 December 1999	**8,753**	**1,401**	**13,446**	**23,600**
Net book value at 31 December 1998	8,945	1,476	11,647	22,068

Leasehold land and buildings consist of:
(i) long leases at a cost/valuation of £959,000 and a net book value of £805,000; and
(ii) short leases at a cost of £943,000 and a net book value of £596,000.

The historical cost and related depreciation of land and buildings included at a cost/valuation is:

	Freehold land and buildings 1999 £'000	Freehold land and buildings 1998 £'000	Long leasehold land and buildings 1999 £'000	Long leasehold land and buildings 1998 £'000
Historical cost	**10,625**	10,585	**790**	790
Depreciation based on cost	**(3,706)**	(3,446)	**(135)**	(116)
Historical cost net book value	**6,919**	7,139	**655**	674

8 Tangible fixed assets continued

(b) Company	Freehold land and buildings £'000	Leasehold land and buildings £'000	Equipment and vehicles £'000	Total £'000
Cost or valuation				
At 1 January 1999:				
Cost	624	–	1,381	2,005
Valuation in 1994	3,776	180	–	3,956
Additions at cost	–	–	562	562
Disposals	–	–	(100)	(100)
Transfers to group companies	–	–	(16)	(16)
	4,400	180	1,827	6,407
At 31 December 1999:				
Cost	624	–	1,827	2,451
Valuation	3,776	180	–	3,956
	4,400	180	1,827	6,407
Depreciation				
At 1 January 1999	429	18	667	1,114
Charged to profit and loss account	110	5	236	351
Eliminated on disposal	–	–	(66)	(66)
Transfers to group companies	–	–	(7)	(7)
At 31 December 1999	539	23	830	1,392
Net book value at 31 December 1999	**3,861**	**157**	**997**	**5,015**
Net book value at 31 December 1998	3,971	162	714	4,847

Leasehold land and buildings consist of long leases at a cost/valuation of £180,000 and a net book value of £157,000.

The historical cost and related depreciation of land and buildings included at a cost/valuation is:

	Freehold land and buildings		Long leasehold land and buildings	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Historical cost	**2,652**	2,652	**17**	17
Depreciation based on cost	**(1,103)**	(1,037)	**(11)**	(11)
Historical cost net book value	**1,549**	1,615	**6**	6

9 Investment in subsidiary undertakings

	1999 £'000
Shares at cost:	
At 1 January 1999	164,901
Amounts subscribed for during the year	1,238
At 31 December 1999	166,139
Provision for diminution in value:	
At 1 January 1999	8,648
Increase in provision	392
At 31 December 1999	9,040
Shares at cost less provision at 31 December 1999	**157,099**
Shares at cost less provision at 31 December 1998	156,253

The following are the subsidiary undertakings which, in the opinion of the directors, principally affect the profit or assets of the group. A full list of subsidiary undertakings will be annexed to the next annual return of the company to be filed with the Registrar of Companies.

		Country of incorporation or registration	Class of capital	% holding
UK home credit	Provident Personal Credit Limited	England	Ordinary	100
	Greenwood Personal Credit Limited	England	Ordinary	100*
International home credit	Provident International Limited	England	Ordinary	100*
	Provident Polska S.A.	Poland	Ordinary	100*
	Provident Financial s.r.o.	Czech Republic	Ordinary	100*
Insurance	Provident Insurance plc	England	Ordinary	100
	Colonnade Reinsurance Limited	Guernsey	Ordinary	100
			Preference	100
	Colonnade Insurance Brokers Limited	England	Ordinary	100*
Financing	PF (Netherlands) BV	Netherlands	Ordinary	100

* Shares held by wholly-owned intermediate holding companies

The above companies operate principally in their country of incorporation or registration.

The financial year end of all subsidiaries is 31 December except for Provident Insurance plc. That company's financial year end is 30 June which, in the opinion of the directors, facilitates the negotiation of reinsurance arrangements. Accordingly, the management accounts of that company for the year ended 31 December 1999, which have been audited for the purposes of the group accounts, have been consolidated.

10 Investment in own shares

The QUEST is a discretionary trust established for the benefit of the employees of the group. The company has also established Provident Financial Trustees Limited, a wholly owned subsidiary undertaking, to act as trustee of the QUEST. All costs relating to the QUEST are dealt with in the profit and loss account as they accrue. The trustee has waived the right to receive dividends on the shares it holds.

At 31 December 1999 the QUEST held 3,010,783 shares with a cost of £24,072,000 and a market value of £21,075,000. In accordance with UITF Abstract No 13 "Accounting for ESOP Trusts" the shares have been included in the balance sheets of the company and the group and written down to the price at which the option was granted in respect of each share (being an aggregate of £12,474,000).
The amount contributed to the QUEST in excess of the option price has been charged against reserves.

11 Amounts receivable from customers

(a) Instalment credit receivables	Group 1999 £'000	Group 1998 £'000
Gross instalment credit receivables	**878,917**	807,541
Less: provision for bad and doubtful debts (note 11(b))	**(84,771)**	(74,103)
Instalment credit receivables after provision for bad and doubtful debts (note 12(a))	**794,146**	733,438
Less: deferred revenue thereon	**(219,014)**	(202,224)
Total	**575,132**	531,214
Analysed as – due within one year	**565,662**	522,318
– due in more than one year	**9,470**	8,896
Total	**575,132**	531,214

At 31 December 1999 the net amounts receivable from UK home credit customers were £562,052,000 (1998 £529,831,000) and from international home credit customers were £13,080,000 (1998 £1,383,000).

(b) Bad and doubtful debts	Group 1999 £'000	Group 1998 £'000
Gross provision at 31 December 1999 (note 11(a))	**84,771**	74,103
Less: deferred revenue thereon	**(23,948)**	(20,874)
Net provision at 31 December 1999	**60,823**	53,229
Net provision at 1 January 1999	**(53,229)**	(48,381)
Increase in provision (net of deferred revenue)	**7,594**	4,848
Amounts written off (net of deferred revenue)	**64,558**	50,518
Net charge to profit and loss account for bad and doubtful debts	**72,152**	55,366
Analysed as – UK home credit	**71,098**	55,301
– international home credit	**1,054**	65
Total	**72,152**	55,366

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.

Notes to the accounts continued

12 Maturity of instalment credit receivables, borrowing facilities available and borrowings

(a) Group	1999 Instalment credit receivables £'000	1999 Borrowing facilities available £'000	1999 Borrowings £'000	1998 Instalment credit receivables £'000	1998 Borrowing facilities available £'000	1998 Borrowings £'000
Repayable:						
On demand	**–**	**8,187**	**6,434**	–	9,500	6,238
In less than 6 months	**577,568**	**17,500**	**9,986**	532,020	17,500	1,522
In 6 – 12 months	**203,422**	**6,718**	**6,718**	189,039	16,718	17,592
In less than 12 months	**780,990**	**32,405**	**23,138**	721,059	43,718	25,352
In 12 – 24 months	**13,156**	**6,718**	**6,718**	12,379	6,718	6,718
In 24 – 60 months	**–**	**178,175**	**95,426**	–	58,719	37,719
In more than 60 months	**–**	**279,000**	**192,000**	–	279,000	247,000
In more than 12 months	**13,156**	**463,893**	**294,144**	12,379	344,437	291,437
Total	**794,146**	**496,298**	**317,282**	733,438	388,155	316,789

(b) Company	1999 Borrowing facilities available £'000	1999 Borrowings £'000	1998 Borrowing facilities available £'000	1998 Borrowings £'000
Repayable:				
On demand	**8,187**	**6,459**	9,500	6,264
In less than 6 months	**17,500**	**7,403**	17,500	246
In 6 – 12 months	**–**	**–**	10,000	10,000
In less than 12 months	**25,687**	**13,862**	37,000	16,510
In 12 – 24 months	**–**	**–**	–	–
In 24 – 60 months	**136,869**	**80,308**	52,000	31,000
In more than 60 months	**279,000**	**192,000**	279,000	247,000
In more than 12 months	**415,869**	**272,308**	331,000	278,000
Total	**441,556**	**286,170**	368,000	294,510

(c) Borrowing facilities and borrowings

Borrowing facilities comprise arrangements with banks for term loans and committed revolving loan and acceptance credit facilities for periods of up to seven years, together with overdrafts and uncommitted loans which are repayable on demand.

At 31 December 1999 borrowings under these facilities amounted to £317,282,000 (company £286,170,000) (1998 £316,789,000; company £294,510,000). These borrowings are under:

(i) committed revolving loan and acceptance credit facilities which are generally drawn for periods of three to six months, then repaid and redrawn; or
(ii) borrowings on overdrafts and uncommitted loan facilities which are repayable on demand; or
(iii) a bank loan denominated in US$ as described in note 12(d) overleaf.

The borrowings shown in notes 12(a) and 12(b) are analysed by reference to the maturity of the facility under which they are drawn as required by FRS 4. None of the borrowing facilities is repayable by instalments, other than the bank loan denominated in US$.

12 Maturity of instalment credit receivables, borrowing facilities available and borrowings continued

(d) US$ bank loan

The US$ bank loan is repayable in annual instalments of US$10 million. At 31 December 1999, US$20 million was outstanding. Currency swap arrangements have been established to fix the sterling equivalent of the loan and £13,436,000 was outstanding on 31 December 1999 (1998 £20,155,000). Interest rate swap arrangements have been established to convert the floating US$ interest rate to a rate linked to six month sterling LIBOR.

(e) Undrawn committed borrowing facilities

The undrawn committed borrowing facilities at 31 December 1999 were as follows:

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Expiring within one year	**9,267**	17,366	**11,825**	19,490
Expiring in more than two years	**169,749**	53,000	**143,561**	53,000
Total	**179,016**	70,366	**155,386**	72,490

13 Derivatives and other financial instruments

An explanation of the group's objectives, policies and strategies in the use of derivatives and other financial instruments is included in the Finance Director's review on pages 18 to 21. The numerical disclosures in this note deal with financial assets and financial liabilities as defined in FRS 13 "Derivatives and Other Financial Instruments:Disclosures".

As permitted by FRS 13 short-term debtors and creditors have been excluded from the disclosures other than the currency disclosures in note 13(e).

(a) Interest rate profile of financial liabilities

After taking account of the various interest rate swaps entered into by the group and the currency swap arrangement in respect of the US$ bank loan referred to in note 12(d) (but before the interest rate caps of up to £100 million referred to below), the interest rate exposure on the group's borrowings at 31 December 1999 was:

		1999			1998	
Currency	Total £'000	Fixed £'000	Floating £'000	Total £'000	Fixed £'000	Floating £'000
Sterling	**293,236**	**175,000**	**118,236**	314,455	110,000	204,455
Irish Punt	**8,928**	**–**	**8,928**	1,460	–	1,460
Polish Zloty	**8,382**	**–**	**8,382**	874	–	874
Czech Crown	**6,736**	**–**	**6,736**	–	–	–
Total	**317,282**	**175,000**	**142,282**	316,789	110,000	206,789

At 31 December 1999, the group's floating rate borrowings were £142,282,000 as shown in the table above. In accordance with FRS 13, these are defined as borrowings which have their interest rates reset at least once a year. In practice, the group typically draws down on its borrowing facilities for periods of between three and six months. The group's exposure to increases in interest rates on the floating borrowings position at 31 December 1999 is further protected by interest rate caps on borrowings of up to £100 million at rates of between 7.8% and 8.4% until January 2002.

The weighted average interest rate on fixed rate borrowings at 31 December 1999 amounted to 6.2% (1998 6.1%) and the weighted average period to maturity was 1.3 years (1998 1.3 years).

The floating rate borrowings bear interest at rates linked to relevant national LIBOR equivalents.

13 Derivatives and other financial instruments continued

(b) Interest rate profile of financial assets

After taking account of the various interest rate swaps entered into by the group, the interest rate exposure on the group's cash and investments, which are denominated in sterling, at 31 December 1999 was:

	1999 Total £'000	1999 Fixed £'000	1999 Floating £'000	1998 Total £'000	1998 Fixed £'000	1998 Floating £'000
Cash at bank and in hand	**42,423**	**–**	**42,423**	31,583	–	31,583
Bank and building society deposits	**266,302**	**266,302**	**–**	267,056	267,056	–
Government bonds	**–**	**–**	**–**	1,579	1,579	–
Total	**308,725**	**266,302**	**42,423**	300,218	268,635	31,583

The weighted average interest rate on fixed rate investments at 31 December 1999 amounted to 6.8% (1998 7.4%) and the weighted average period to maturity was 2.7 years (1998 2.0 years).

The floating rate cash and investments bear interest at rates linked to LIBOR or government bond rates.

(c) Fair values

The fair values and book values of the group's financial instruments by category at 31 December 1999 are set out below:

	1999 Book value £'000	1999 Fair value £'000	1998 Book value £'000	1998 Fair value £'000
Primary financial instruments held to finance the group's operations				
Current asset investments	**266,302**	**266,302**	268,635	268,847
Cash at bank and in hand	**42,423**	**42,423**	31,583	31,583
Bank loans and overdrafts	**(303,846)**	**(303,846)**	(296,634)	(296,634)
US$ bank loan	**(13,436)**	**(12,364)**	(20,155)	(18,139)
Derivative financial instruments held to manage the interest and currency profile				
Currency swaps re US$ bank loan*	**–**	**(1,333)**	–	(2,683)
Interest rate swaps on borrowings:				
Contracts in profit	**–**	**1,515**	–	–
Contracts in loss	**–**	**(63)**	–	(1,722)
Interest rate swaps on investments:				
Contracts in profit	**–**	**1,234**	–	7,142
Contracts in loss	**–**	**(4,068)**	–	–
Interest rate caps	**713**	**261**	1,119	262

* The deferred loss on the currency swap is mainly offset by the deferred gain on the underlying liability (the US$ bank loan).

Market values have been used to determine the fair values of the group's financial instruments.

(d) Hedging instruments

The table below shows the extent to which the group has unrecognised and deferred gains and losses, in respect of financial instruments used as hedges, at the beginning and end of the year.

All gains and losses on the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions.

13 Derivatives and other financial instruments continued

(d) Hedging instruments continued

Under the group's accounting policy, foreign currency borrowings which are hedged are translated at the forward rate inherent in the contract. Consequently, the carrying value of the relevant borrowings effectively includes the gain or loss on the hedging instrument. Such gains and losses are treated as deferred for the purpose of the table below:

	Unrecognised			Deferred		
	Gains £'000	Losses £'000	Total net gains/(losses) £'000	Gains £'000	Losses £'000	Total net gains/(losses) £'000
Gains and losses on hedging instruments at 1 January 1999	7,404	(2,278)	5,126	–	(2,127)	(2,127)
Arising in previous years that were recognised in 1999	(3,806)	1,618	(2,188)	–	709	709
Arising in previous years not recognised in 1999	3,598	(660)	2,938	–	(1,418)	(1,418)
Arising in 1999	(588)	(3,733)	(4,321)	–	347	347
Gains and losses on hedging instruments at 31 December 1999	**3,010**	**(4,393)**	**(1,383)**	**–**	**(1,071)**	**(1,071)**
Of which:						
Gains and losses expected to be recognised in 2000	2,398	(1,301)	1,097	–	(610)	(610)
Gains and losses expected to be recognised in 2001 or later	612	(3,092)	(2,480)	–	(461)	(461)

(e) Currency exposures

As explained in the group's accounting policy, exchange differences arising from the retranslation of the opening net assets of subsidiaries and 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.

The table below shows the extent to which group companies have monetary assets and liabilities in currencies other than their functional currency. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the group subsidiary concerned and the group. The position at 31 December 1999 was as follows:

	Net foreign currency monetary liabilities			
Functional currency of group operation	Sterling £'000	Polish Zloty £'000	Czech Crown £'000	Total £'000
Sterling	**–**	**(860)**	**(779)**	**(1,639)**

The position at 31 December 1998 was as follows:

	Net foreign currency monetary liabilities			
Functional currency of group operation	Sterling £'000	Polish Zloty £'000	Czech Crown £'000	Total £'000
Sterling	–	(825)	(746)	(1,571)
Czech Crown	(1,260)	–	–	(1,260)
Total	(1,260)	(825)	(746)	(2,831)

The above tables exclude the US$ bank loan because it is fully hedged by the currency swap arrangement referred to in note 12(d).

(f) Instruments held for trading purposes

None of the group's financial instruments is held for trading purposes.

14 Debtors – amounts falling due within one year

	Group 1999 £'000	Group 1998 £'000	Company 1999 £'000	Company 1998 £'000
Trade debtors	**51,306**	33,478	**–**	–
Amounts recoverable from reinsurers	**51,141**	48,639	**–**	–
Other debtors	**1,311**	3,442	**206**	209
Prepayments and accrued income	**15,478**	14,412	**7,780**	7,790
Commissions prepaid to insurance brokers and deferred acquisition costs	**10,393**	7,332	**–**	–
Amounts owed by group undertakings	**–**	–	**398,922**	318,345
Corporation tax recoverable	**–**	–	**–**	3,153
Deferred taxation (note 19(c))	**713**	–	**–**	–
Total	**130,342**	107,303	**406,908**	329,497

15 Investments and cash at bank and in hand

(a) Investments and cash at bank and in hand comprise:	Group 1999 £'000	Group 1998 £'000
Bank, building society and other fixed interest deposits at cost	**266,302**	267,056
UK listed securities at cost	**–**	1,579
Total investments (note 15(b))	**266,302**	268,635
Cash at bank and in hand	**42,423**	31,583
Total	**308,725**	300,218

All the investments and £26,092,000 (1998 £21,174,000) of the cash at bank and in hand are held by Provident Insurance plc, Colonnade Reinsurance Limited and Colonnade Insurance Brokers Limited. The regulators of these companies require their investments and cash to be retained within the relevant company and these monies cannot be used to finance other parts of the group or to repay group borrowings. These monies are invested and held on deposit, pending future claims payments and payments to insurance companies.

(b) The maturity of the investments shown above is analysed as follows:	Group 1999 £'000	Group 1998 £'000
Realisable within one year	**256,302**	223,635
Realisable in more than one year but less than two years	**10,000**	35,000
Realisable in more than two years but less than three years	**–**	10,000
Realisable in more than one year	**10,000**	45,000
Total	**266,302**	268,635

Notes to the accounts continued

16 Creditors – amounts falling due within one year

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Amounts due to retailers and customers' unspent balances	**22,507**	22,001	**–**	–
Trade creditors	**20,220**	14,419	**–**	–
Amounts owed to group undertakings	**–**	–	**29,752**	24,214
Other creditors including taxation and social security	**63,031**	26,411	**17,372**	1,334
Accruals	**23,611**	18,314	**4,611**	5,001
Dividends payable	**37,946**	35,187	**37,946**	35,187
Total	**167,315**	116,332	**89,681**	65,736

Other creditors including taxation and social security comprise:

	Group 1999 £'000	Group 1998 £'000	Company 1999 £'000	Company 1998 £'000
UK corporation tax	**42,966**	11,509	**7,145**	11
Advance corporation tax	**–**	5,755	**–**	5,755
Overseas tax	**2,435**	500	**–**	–
	45,401	17,764	**7,145**	5,766
Less: taxation recoverable	**–**	–	**–**	(5,755)
	45,401	17,764	**7,145**	11
Social security	**2,061**	1,779	**110**	95
Value added tax	**–**	–	**11**	5
Other creditors	**15,569**	6,868	**10,106**	1,223
Total	**63,031**	26,411	**17,372**	1,334

17 Insurance accruals and deferred income – amounts falling due within one year

	Group 1999 £'000	Group 1998 £'000
Provision for unpaid insurance claims	**232,598**	239,708
Unearned insurance premiums	**73,418**	51,561
Other deferred income	**644**	571
Total	**306,660**	291,840

18 Creditors – amounts falling due after more than one year

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Amounts owed to group undertakings	**–**	–	**6,718**	13,437

19 Deferred taxation

	1999		1998	
(a) Group	Asset £'000	Full potential asset £'000	Provision £'000	Full potential liability £'000
Accelerated capital allowances	**(438)**	**(438)**	(478)	(478)
Other timing differences	**(275)**	**(275)**	3,521	3,521
	(713)	**(713)**	3,043	3,043
Realised capital gains deferred	**–**	**511**	–	511
Deferred tax (asset)/liability	**(713)**	**(202)**	3,043	3,554

	1999		1998	
(b) Company	Provision £'000	Full potential liability £'000	Provision £'000	Full potential liability £'000
Accelerated capital allowances	**(16)**	**(16)**	74	74
Other timing differences	**1,193**	**1,193**	4,898	4,898
Deferred tax liability	**1,177**	**1,177**	4,972	4,972

(c) Movement in group deferred taxation liability/(asset)	1999 £'000
The movement on the group deferred taxation liability/(asset) during the year was as follows:	
At 1 January 1999	**3,043**
Released to the profit and loss account (note 3)	**(3,756)**
At 31 December 1999	**(713)**

20 Called up share capital

	Group and Company			
	1999		1998	
	Authorised £'000	Issued and fully paid £'000	Authorised £'000	Issued and fully paid £'000
Ordinary shares of 10 4/11p each	**40,000**	**26,705**	40,000	27,229

The movement on the number of shares in issue during the year is as follows:

	Number
At 1 January 1999	**262,736,801**
Shares issued pursuant to the exercise of options	**144,817**
Shares purchased and subsequently cancelled	**(4,190,933)**
At 31 December 1999	**258,690,685**

The aggregate consideration received in respect of the shares issued pursuant to the exercise of options during the year was £472,000.

Details of the shares purchased during the year are included in the directors' report on page 25. In addition to the 4,190,933 shares purchased and cancelled during the year, a further 1,009,553 shares were purchased in December 1999 but not cancelled until January 2000.

21 Share premium account

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
At 1 January 1999	**47,760**	43,102	**47,760**	43,102
Premium on shares issued during the year	**457**	4,658	**457**	4,658
Premium on shares purchased and cancelled during the year	**(1,006)**	–	**(1,006)**	–
At 31 December 1999	**47,211**	47,760	**47,211**	47,760

22 Other reserves

	Group 1999 £'000	Group 1998 £'000	Company 1999 £'000	Company 1998 £'000
Capital redemption reserve:				
At 1 January 1999	**1,624**	1,624	**1,624**	1,624
Share buy-back	**539**	–	**539**	–
At 31 December 1999	**2,163**	1,624	**2,163**	1,624
Retained profit capitalised by a subsidiary:				
At 1 January 1999 and 31 December 1999	**827**	827	**–**	–
At 31 December 1999	**2,990**	2,451	**2,163**	1,624

The capital redemption reserve represents profits on the redemption of preference shares arising in prior years, together with the capitalisation of the nominal value of shares repurchased and cancelled, net of the utilisation of this reserve to capitalise the nominal value of shares issued to satisfy scrip dividend elections.

23 Profit and loss account

	Group £'000	Company £'000
At 1 January 1999	**168,221**	**45,003**
Retained profit for the year	**47,932**	**106,278**
Share buy-back	**(34,585)**	**(34,585)**
Currency translation differences	**(1,099)**	**–**
At 31 December 1999	**180,469**	**116,696**

In accordance with the exemption allowed by Section 230 of the Companies Act 1985, the company has not presented its own profit and loss account. The profit for the financial year dealt with in the accounts of the company was £169,961,000 (1998 £70,256,000).

The group profit and loss account balance is shown after writing off cumulative goodwill of £16,229,000 (1998 £16,229,000). In addition, cumulative goodwill of £2,335,000 has been written off against the merger reserve in previous years.

24 Reconciliation of movement in equity shareholders' funds

	Group 1999 £'000	Group 1998 £'000
Profit attributable to equity shareholders	**111,615**	104,785
Dividends	**(63,683)**	(151,776)
Retained profit/(loss) for the year	**47,932**	(46,991)
New share capital issued	**472**	4,722
Share capital cancelled	**(1,006)**	–
Share buy-back	**(34,585)**	–
Shares issued to the QUEST (note 10)	**–**	(659)
Currency translation differences	**(1,099)**	(527)
Net addition to/(reduction in) equity shareholders' funds	**11,714**	(43,455)
Equity shareholders' funds at 1 January 1999	**247,302**	290,757
Equity shareholders' funds at 31 December 1999	**259,016**	247,302

25 Commitments

(a) Capital commitments	Group 1999 £'000	Group 1998 £'000	Company 1999 £'000	Company 1998 £'000
Capital expenditure commitments contracted with third parties but not provided for	**408**	230	**–**	–

(b) Operating lease commitments

Operating lease commitments in respect of land and buildings for 2000 are as follows:

	Group 1999 £'000	Group 1998 £'000	Company 1999 £'000	Company 1998 £'000
Leases expiring:				
Within one year	**1,402**	1,003	**–**	–
Within two to five years	**1,537**	1,639	**16**	16
In more than five years	**813**	954	**29**	29
Total	**3,752**	3,596	**45**	45

26 Pension schemes

The group operates a number of pension schemes. The two major schemes, which cover 99% of scheme members, are of the funded, defined benefit type. The assets of the schemes are held in separate, trustee administered funds. The total pension cost for the group (note 7(b)) was assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

The latest actuarial valuations for the schemes were as at 1 June 1998. The principal assumptions used were that the rate of return on investments would be 2.5% per annum higher than the rate of increase in salaries for the Provident Financial Staff Pension Scheme and 2% higher for the Provident Financial Senior Pension Scheme, and 4% per annum higher than the rate of increase in present and future pensions for both schemes. At 1 June 1998 the market value of the assets of the schemes was £142,755,000. The actuarial value of the assets was sufficient to cover 97% of the benefits that had accrued to members after allowing for expected future increases in earnings.

For the purposes of establishing the pension costs in the group's profit and loss account, the deficit is being amortised over the average remaining service lives of the employees who are currently members of the respective schemes. Included in the group's balance sheet is a prepayment of £4,782,000 (1998 £5,115,000), which represents the excess of the contributions paid to the schemes over the charge in the profit and loss account.

27 Related party transactions

The group recharges the two major pension schemes referred to in note 26 with a proportion of the costs of administration and professional fees incurred by the group. The total amount recharged during the year was £719,000 (1998 £429,000).

Report of the auditors

To the members of Provident Financial plc
We have audited the accounts on pages 36 to 58.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the annual report and accounts. As described on page 34, this includes responsibility for preparing the accounts, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

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

We review whether the statement on page 34 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the London Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the company's or group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 1999 and the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leeds

6 March 2000

Information for shareholders

1 Financial calendar – dividends	1999 Final	2000 Interim
Dividend announced	24 February 2000	27 July 2000
Ex-dividend date for ordinary shares	3 April 2000	18 September 2000
Record date for the dividend	7 April 2000	22 September 2000
Annual general meeting	27 April 2000	
Payment date of the dividend	5 May 2000	20 October 2000

2 Share price information
The latest information on our share price is available on Ceefax on BBC1/BBC2 and on Teletext on ITV/Channel 4. It is also available on FT Cityline (telephone: 0336 433731).

The share price is listed in the following daily newspapers:

Financial Times	The Daily Telegraph	The Guardian	Daily Mail	Yorkshire Post
The Times	The Independent	The Express	Evening Standard	

3 Individual Savings Account ("ISA")
Shareholders may take out an ISA which includes shares in the company with a provider of their choice. However, the company has made arrangements with Redmayne Bentley for the provision of an ISA for its shareholders and employees. Shareholders who wish to take advantage of this should contact Redmayne Bentley, Merton House, 84 Albion Street, Leeds, West Yorkshire LS1 6AG (telephone: 0113 243 6941).

4 Tax on capital gains
4.1 For the purposes of tax on capital gains, the price of the company's ordinary shares at 31 March 1982 was 130.50p. When adjusted for the 1 for 5 scrip issue in 1986, the 5 for 2 share split in 1993, the 1 for 1 bonus issue in 1996 and the share capital consolidation in 1998, this gives a figure of 22.54p.

4.2 Shareholders for whom the price of ordinary shares at 31 March 1982 is relevant should note that their allowable expenditure in relation to future disposals of ordinary shares may also be affected by other factors, such as indexation and/or the disposal of fractional entitlements pursuant to the share capital consolidation of the company in April 1998.

5 Tax on dividends
5.1 From 6 April 1999, changes were made to the way dividends paid by UK resident companies are taxed, which are set out below.

5.2 The tax credit is 1/9th of the dividend (corresponding to 10% of the dividend and the associated tax credit).

5.3 A UK resident individual shareholder is therefore treated as having paid tax at 10% on the aggregate of the dividend and the associated tax credit; as starting, lower and basic rate taxpayers are liable to tax on the dividend and associated tax credit at 10%, they will have no further liability to tax in respect of the dividend.

5.4 The tax liability on dividends for UK resident higher rate taxpayers is 32.5% on the aggregate of the dividend and the associated tax credit, so that their liability for additional tax is equal to 22.5% on the aggregate of the dividend and the associated tax credit.

5.5 Except as mentioned in 5.6 below, UK resident individuals can no longer claim a refund of the 10% tax credit.

5.6 Shareholders who hold their shares through PEPs or ISAs will be able to reclaim the 10% tax credit attaching to dividends paid on or before 5 April 2004.

5.7 Arrangements can be made for a shareholder's dividends to be paid directly into a nominated bank account. Details are available on request from the company's registrar (see paragraph 7 below).

6 The Provident Financial Company Nominee Scheme
6.1 The company has established the Provident Financial Company Nominee Scheme. The key features of the scheme are:

6.1.1 Your shares are held for you in a nominee account and you will receive regular statements of your account; you will not hold a share certificate;

6.1.2 It provides a facility to allow you to deal in the company's shares by means of a low-cost telephone dealing service through the CREST electronic settlement system;

6.1.3 It provides a facility for you to reinvest your dividends in the company's shares;

6.1.4 You will still retain the benefits of direct shareholding, such as prompt payments of dividends, a copy of the annual report and attendance, and voting, at the annual general meeting; and

6.1.5 The service is provided at no cost to you. However, if you wish to use the facility to deal in the company's shares or reinvest your dividends, you will have to pay charges.

6.2 Full details are available on request from the company's registrar (see paragraph 7 below).

7 Registrar
The registrar deals with all matters relating to transfers of ordinary shares in the company and with enquiries concerning holdings. The registrar is: IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU (telephone: 020 8639 2000).

8 Share ownership analysis as at 28 February 2000

Shareholding range	Shareholders (Number)	Shareholders (%)
up to 1,000	3,017	40.10
1,001 – 5,000	2,858	37.98
5,001 – 50,000	1,240	16.48
50,001 – 500,000	322	4.28
500,001 – 1,000,000	39	0.52
1,000,001+	48	0.64
Total	**7,524**	**100.00**

Group senior management

UK home credit division
Chris C Johnstone ACA ATII MBA
Fred W Forfar MBA

International home credit division
David R Swann BA MBA

Insurance division
John R Thornton BSc MBA
Nick M Illingworth BSc ACA MBA

Group functions
Richard S Heels BCom FCA (Finance)
John Lomas MA FIPM
(Communications/Human Resources)
David M Rees LLB (Legal)

Advisers

Auditors
PricewaterhouseCoopers

Joint financial advisers and stockbrokers
Dresdner Kleinwort Benson
Merrill Lynch

Registrar
IRG plc

Solicitors
Slaughter and May

Company details

Contact details
Provident Financial plc
Colonnade
Sunbridge Road
Bradford
West Yorkshire
BD1 2LQ

telephone: 01274 731111
fax: 01274 727300
email: enquiries@provident.co.uk
website: www.providentfinancial.co.uk

Company number
668987

Company Secretary
Peter W Bretherton

Designed and produced by Bamber Forsyth Limited. Printed by the Colourhouse. Main photography by Simon McComb.

PROVIDENT FINANCIAL

Provident Financial plc
Colonnade
Sunbridge Road, Bradford
West Yorkshire BD1 2LQ

Registered in England No. 668987