Preliminary announcement of the final results for the year ended 31 December 2003

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HIGHLIGHTS

Provident Financial is a leading international provider of home credit, motor finance and motor insurance.

Key points

- A year of strong growth
- Sparkling international performance; pre-tax profit more than trebled to £29.3 million
- UK home credit pre-tax profit up 2.5% to £152.6 million in challenging market conditions
- Yes Car Credit pre-tax profit up 70% to £11.2 million
- Motor insurance pre-tax profit of £28.6 million despite downturn in motor insurance cycle

Key financials

- Turnover up 30% to £1.1 billion
- Pre-tax profit* up 13% to £206.2 million
- Earnings per share* up 8.2% to 57.54p
- Full year dividend per share up 6.8% to 33.00p

* before goodwill amortisation and, in 2002, an exceptional item

Prospects for 2004

- Aiming for modest profit growth for UK home credit
- Strong growth expected from Yes Car Credit
- Lower profits from insurance division
- Excellent prospects for growth from international division
- Expect the group to deliver good results in 2004

"In 2003 we have made encouraging progress. The international division and Yes Car Credit both delivered excellent results and this was underpinned by a solid performance from our UK home credit and motor insurance businesses. We expect to deliver good results in 2004."

John van Kuffeler
Chairman
26 February 2004

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Chairman's statement

I am pleased to announce our results for 2003. Strong growth continued during the year with group turnover up by 30% to £1.1 billion and customer receivables up by 15% to £1.1 billion. Before goodwill amortisation, profit before tax increased by 13.0% to £206.2 million (2002 £182.4 million) and earnings per share increased by 8.2% from 53.19p to 57.54p. After goodwill amortisation and, in 2002, an exceptional item, profit before tax increased by 17.8% to £201.9 million (2002 £171.4 million) and earnings per share increased by 14.8% to 55.84p (2002 48.66p). The directors recommend a final dividend of 19.90p (2002 18.44p), giving a total dividend for the year of 33.00p per share (2002 30.90p), an increase of 6.8% for the year.

Operations

In order to give a clearer view of the financial performance of the individual divisions, in 2003 we recharged to the UK home credit business and the international division costs in respect of taxation, treasury and public affairs services that were previously borne as central costs. The profit figures for 2003 and prior year comparatives in this statement reflect these recharges. Details are given in the Preliminary Announcement.

UK consumer credit division

UK home credit

UK home credit is a successful, cash generative business operating in a long established and mature market segment. Its success is built upon the provision to customers of a simple and straightforward service tailored to their needs. Loans are for small sums and are delivered quickly and conveniently to the customer's home by an agent. This personal service and the close relationship between agent and customer is highly valued and is well suited to the careful and responsible provision of credit. Customers also value the transparency and flexibility of home credit. Unexpected events can cause customers to miss a loan repayment and most credit products levy penalty charges and additional interest when this happens. The home credit offer recognises that these penalties just make things worse and so no penalty charges or additional interest are levied. The customer has the peace of mind of knowing that all charges are fixed at the outset and each repayment goes to reduce the amount owed. These features give rise to an extraordinarily high customer satisfaction rating of 93% and explain the enduring appeal of home credit in an increasingly competitive market.

The prolonged period of economic growth in the UK has benefited our customers. Many are better off and so some have a reduced need for small sums of credit. Many also have access to a wider choice of alternative credit products, such as credit cards and bank overdrafts, and some choose to use these as well as, or instead of, home credit. Growth is more difficult in these competitive market conditions and so, in recent years, we have had to work harder to find the best mix of customer and credit issued volumes, overhead expenses and bad debt costs to move profits forward. This was again the case in 2003, with modest profit growth achieved alongside small reductions in customer numbers and credit issued. The number of customers at the end of 2003 was 1.61 million, 1.7% lower than at the end of 2002. Credit issued for the year was down by 0.7% to £916 million. Collections increased by 1.6% to £1,320 million and turnover increased by 2.4% to £496 million. Costs were carefully managed and increased overall by just 1.8%, benefiting from lower interest costs and tight control of overhead expenses. Credit quality was satisfactory with annual bad debt costs as a percentage of credit issued reducing slightly during the second half from 9.7% at June 2003 to 9.6% for the full year (2002 9.2%). Profit before tax increased by 2.5% to £152.6 million (2002 £148.8 million).

Yes Car Credit

Yes Car Credit was acquired in December 2002. It has a distinct, credit-led, integrated business model under which it sells its customers a package of a car, financing and related insurance products. The business has performed well in its first year in the group and has benefited from greater access to the capital needed to fund its development.

Six new branches were opened during the year, taking the total to 26, helping to increase the number of cars sold by 24% to 37,900. The percentage of cars sold that were financed by Yes Car Credit has also been increased as planned, up from 75% in 2002 to 95% in 2003. Indeed, during the second half of 2003, Yes Car Credit financed all of the cars it sold. The rapid increase in cars sold and the increased percentage of sales financed in-house has led to substantial growth in turnover, up by 32% to £269 million and net customer receivables, up by 54% to £252 million. Yes Car Credit's contribution to the group's profit before goodwill amortisation for the year was £11.2 million (2002 £0.2 million) and, as expected, the acquisition and associated share placing has enhanced earnings per share before goodwill amortisation during this first year of ownership.

Vanquis Bank

Vanquis Bank was established to perform a market test of credit cards. Our plan is to offer cards tailored to the needs of customers with modest incomes. The market test is designed to provide strong evidence of the attractiveness to customers of our offer and of the financial returns we might expect if we were to progress to a full-scale launch.

The testing includes offers to existing and new customers, both by direct marketing and through home credit agents. Collection of repayments by home credit agents and by remote means are also being tested.

The market test has progressed to plan and at the end of the year 36,800 cards were in issue. The cost of the test for 2003 was £6.7 million.

International division

The international division has again produced excellent results. It has grown substantially, achieving excellent profit growth in Poland and the Czech Republic and successfully expanding the developing operations in Hungary and Slovakia. Customer numbers for the division increased by 30% to 1.2 million, credit issued by 26% to £361 million and turnover by 34% to £191 million. Profit before tax increased substantially to £29.3 million (2002 £8.6 million).

Our business in Poland performed very well and continued to make excellent progress towards its medium-term targets. Customer numbers increased by 23% to 813,000, credit issued by 14% to £226 million, collections by 25% to £305 million and turnover by 25% to £128 million. Credit quality developed as expected with bad debt as a percentage of credit issued of 10.8% for 2003 (2002 9.1%). Profit before tax increased very strongly, up by £16.4 million (98%) to £33.1 million (2002 £16.7 million).

Our Czech operation is experiencing lower rates of growth in customer numbers and credit issued as it nears its target of 250,000 customers. Customer numbers increased by 2.4% to 223,000 and credit issued by 6.4% to £74 million. Collections increased by 18%, fuelled by the rapid increase in customer receivables during 2002 and, with the majority of income recognised when loans are collected, this in turn led to a 17% increase in turnover in 2003 to £39 million. Credit quality was stable with bad debt as a percentage of credit issued for 2003 being unchanged at 11.0% (2002 11.0%). Profit before tax has increased substantially, up by £3.7 million (72%) to £8.8 million (2002 £5.1 million).

The performance of our newer operations in Hungary and Slovakia has been very encouraging. Both expanded rapidly, whilst maintaining good credit quality and both reported lower start-up losses than in 2002. In Slovakia, customer numbers increased by 130%, rising from 27,000 at the end of 2002 to 62,000. Start-up losses for 2003 were reduced by £0.4 million (20%) to £1.6 million (2002 £2.0 million). Hungary achieved even faster growth. Customer numbers rose by 163% from 55,000 to 143,000 and start-up losses for 2003 were sharply reduced, down by £1.2 million (38%) to £1.9 million (2002 £3.1 million).

A pilot operation was launched in Mexico in August 2003. This has performed well and, at the end of December 2003, had 2,600 customers served from a single branch located in Puebla; a large industrial city about 70 kilometres outside Mexico City.

Motor insurance division

The cyclical downturn of margins in the UK motor insurance market that began in the summer of 2002 has continued. In 2003, premium rates in the market as a whole fell by 1% whilst claims costs increased by about 8%. As planned, we continued with our policy of pricing for an adequate return on equity and so raised our premium rates in line with the rise in claims costs. This caused policyholder numbers to fall by 23% during 2003, down from 757,000 to 587,000. Gross written premium reduced by 22%, in line with the fall in the number of policyholders. The cost base of the business was sharply reduced in 2003. Distribution is entirely through independent intermediaries and so these costs fell in line with the reduction in written premiums. Overhead costs were also reduced. In addition, the cost of levies fell by £3 million as compared to 2002 due to an unexpectedly low call from the Motor Insurers' Bureau in the last quarter of 2003. These factors contributed to an underwriting profit of £4.0 million, down from £11.4 million in 2002. Income earned on the investment fund, held to meet the cost of future claims, was £24.6 million (2002 £24.4 million). The average fund size was £461 million (2002 £455 million). Profit before tax for 2003 fell by 20% to £28.6 million (2002 £35.8 million). This was a better result than we had expected, because of the reduced levy costs and the business continued to create value for shareholders, earning a post-tax return on equity of 24% for 2003 (2002 29%).

Regulatory developments

In December 2003, the UK government published a White Paper on Consumer Credit and proposals for revised regulations. We welcome these proposals, particularly the call for greater transparency to the borrower of all of the costs of credit, a tighter licensing regime and more effective redress for customers faced with unfair contract terms.

A proposal for the revision of the EU Consumer Credit Directive was published in September 2002 and, during 2003, has been the subject of scrutiny and debate by the Council of Ministers and the European Parliament, a process that typically lasts for several years. A number of important changes to the framework of consumer credit law are proposed, focused primarily on improved transparency of the terms and costs of borrowing for the consumer.

In September 2003, the National Consumer Council ("NCC") said that it would be undertaking research with a view to supporting a possible supercomplaint, under the Enterprise Act 2002, to the Office of Fair Trading regarding the competitiveness of the UK home credit industry. Our experience is that: home credit customers are highly satisfied with the personal service provided by home credit agents and that the home credit product is ideally suited to the needs of its target market; barriers to enter the home credit industry are low, as demonstrated by Cattles' national expansion and the entry of Park Direct Credit in recent years, and 146 new members of the home credit industry's trade association during the last five years; many home credit customers use other credit products such as mail order, overdrafts and credit cards in a large and growing market for small sum credit where competition has increased substantially during recent years and is likely to continue to increase in future.

Prospects for 2004

UK consumer credit division

The UK market for home credit is mature and, as our customers become more prosperous and gain access to a wider range of credit products, it is becoming increasingly competitive. We will continue to make a measured trade-off between volume growth, credit quality and costs, with the aim of growing profits modestly.

Yes Car Credit made good progress in 2003. It operates in a market that is estimated to be growing at about 6% p.a. but Yes Car Credit has grown faster than this because of its innovative offer and by expanding its branch network to increase geographic coverage. We expect the market will continue to grow in 2004 and we intend to open five new branches during the year in order to further increase geographic coverage. As a result, we look forward to continued strong growth in 2004.

During 2003, Vanquis Bank tested a range of offers and at the end of 2003 had 36,800 credit card holders. We now intend to observe the performance of the business before deciding in the second half of this year whether or not to proceed to a full scale roll-out. The cost of the operation is likely to be about £9 million for 2004.

Motor insurance division

The cyclical downturn in margins in the motor insurance market as a whole is likely to continue throughout 2004. We will continue only to write policies that earn an adequate return on equity and so we expect further reductions in policyholder numbers and written premiums. The profit impact of this will be minimised by reductions in the cost base. We also expect a fall in the size of the investment fund in 2004 following the decrease in written premium over the last 18 months and this, together with a lower yield, is expected to result in lower investment income. These factors taken together are expected to result in lower profits in 2004 from the motor insurance division but with a continued good return on equity.

International division

We continue to see excellent prospects for growth from our international division. Poland is expected to be the major contributor to this, with lower growth forecast in the Czech market. Reduced start-up losses from the developing businesses in Hungary and Slovakia in 2004 are also expected and we continue to believe both will report a profit for 2005. The pilot in Mexico will continue during 2004 and start-up losses of about £3 million are expected.

Overall, we expect that 2004 will be another very good year for our international division.

Group

In 2003 we have made encouraging progress. The international division and Yes Car Credit both delivered excellent results and this was underpinned by a solid performance from our UK home credit and motor insurance businesses. We expect to deliver good results in 2004.

John van Kuffeler
Chairman
26 February 2004

Preliminary announcement of the final results for the year ended 31 December 2003

Consolidated profit and loss account

	Unaudited 2003 £m	Audited 2002 £m
Turnover	1,134.2	875.0
Operating profit before goodwill amortisation	206.2	182.4
Goodwill amortisation	(4.3)	(0.3)
Operating profit	201.9	182.1
Exceptional loss on disposal of business	-	(10.7)
Profit before taxation	201.9	171.4
Taxation	(60.8)	(52.8)
Profit after taxation	141.1	118.6
Dividends (note 3)	(83.4)	(76.9)
Retained profit for the year (note 6)	57.7	41.7
Earnings per share (note 4)		
- Basic	55.84p	48.66p
- Adjusted	57.54p	53.19p
- Diluted	55.68p	48.50p
Dividend per share to ordinary shareholders (note 3)		
a) Interim - paid	13.10p	12.46p
b) Final - proposed	19.90p	18.44p
Total ordinary dividend	33.00p	30.90p

There is no material difference between the retained profit shown above and the historical cost equivalent.

Segmental reporting

Analyses of turnover and operating profit by class of business are set out below:

	Turnover		Operating profit	
	2003 £m	2002 £m	2003 £m	2002 £m
UK home credit	495.6	484.3	152.6	148.8
Yes Car Credit	269.2	5.5	11.2	0.2
Vanquis Bank	1.3	-	(6.7)	(1.1)
UK consumer credit	766.1	489.8	157.1	147.9
International	191.4	142.4	29.3	8.6
Motor insurance	176.7	232.1	28.6	35.8
	1,134.2	864.3	215.0	192.3
Central	-	-	(8.8)	(10.9)
Ongoing operations	1,134.2	864.3	206.2	181.4
Business sold	-	10.7	-	1.0
Turnover and operating profit before goodwill amortisation	1,134.2	875.0	206.2	182.4
Goodwill amortisation*	-	-	(4.3)	(0.3)
Turnover and operating profit	1,134.2	875.0	201.9	182.1

* Goodwill amortisation in 2003 includes £4.1 million in respect of Yes Car Credit (2002 £0.1 million) and £0.2 million in respect of UK home credit (2002 £0.2 million).

Turnover between segments is not material. Analyses by class of business are based on the group's divisional structure.

In previous years, costs in relation to taxation, treasury and public affairs administration were included in central costs. In order to give a clearer view of divisional performance, for 2003 UK home credit and international have been recharged £4.9 million and £2.4 million respectively in respect of the costs of these services. In 2002, this recharge would have been £3.8 million to UK home credit and £2.0 million to international division. The results shown above for 2002 have been restated to include these recharges.

The international operating profit comprises:

	2003	2002

	£m	£m
Poland	33.1	16.7
Czech Republic	8.8	5.1
Hungary	(1.9)	(3.1)
Slovakia	(1.6)	(2.0)
Mexico	(1.2)	-
Central divisional overheads	(7.9)	(8.1)
Operating profit	29.3	8.6

Consolidated balance sheet

	Unaudited as at 31 December 2003 £m	Audited as at 31 December 2002 £m
Fixed assets	146.3	138.0
Current assets		
Stock	14.6	11.0
Amounts receivable from customers (note 5(a))		
- due within one year	905.3	821.1
- due in more than one year	204.1	141.9
Debtors	153.1	171.6
Investments realisable within one year	514.5	503.8
Cash at bank and in hand	38.8	48.5
	1,830.4	1,697.9
Current liabilities		
Bank and other borrowings	(19.6)	(38.2)
Creditors - amounts falling due within one year	(220.8)	(180.9)
Insurance accruals and deferred income	(462.9)	(495.3)
	(703.3)	(714.4)
Net current assets	1,127.1	983.5
Total assets less current liabilities	1,273.4	1,121.5
Non-current liabilities		
Bank and other borrowings	(799.8)	(695.4)

Creditors - amounts falling due after more than one year	(11.6)	(21.9)
Provision for deferred taxation	(2.6)	(1.5)
Net assets	459.4	402.7
Capital and reserves		
Called-up share capital	26.3	26.3
Share premium account	101.5	100.9
Revaluation reserve	2.7	2.7
Other reserves	4.4	4.4
Profit and loss account	324.5	268.4
Equity shareholders' funds (note 6)	459.4	402.7
Gearing ratio (note 7)	1.72	1.73

Consolidated cash flow statement

	Unaudited 2003 £m	Audited 2002 £m
Net cash inflow from operating activities	57.1	151.5
Taxation	(45.1)	(49.7)
Capital expenditure and financial investment	(16.7)	(14.5)
Disposals	-	26.7
Acquisitions	(5.4)	(45.5)
Equity dividends paid	(79.7)	(73.2)
Management of liquid resources	(13.1)	(73.4)
Financing	87.2	81.0
(Decrease)/increase in cash in the period	(15.7)	2.9

The cash flow statement above has been prepared in accordance with FRS1 (Revised 1996) "Cash Flow Statements". As required by that standard, the statement aggregates the cash flows arising from each division within the group. However, the cash and investments held by those businesses that are regulated are required to be strictly segregated from those for the rest of the group and are not available to repay group borrowings. At 31 December 2003 the cash and investments held by the group's regulated businesses amounted to £508.7 million (2002 - £514.7 million).

Reconciliation of net cash flow to movement in net debt

	2003 £m	2002 £m
(Decrease)/increase in net cash for the period	(15.7)	2.9
Cash outflow from increase in liquid resources	13.1	73.4

	(2.6)	76.3
Cash inflow from increase in debt	(86.6)	(31.1)
Change in net debt resulting from cash flows	(89.2)	45.2
Loans relating to business acquired	-	(189.4)
Exchange adjustments	4.4	3.9
Net debt at 1 January	(181.3)	(41.0)
Net debt at 31 December	(266.1)	(181.3)

Analysis of changes in net debt

	1 Jan 2003 £m	Cash flows £m	Exchange movements £m	Other changes £m	31 Dec 2003 £m
Cash at bank and in hand	48.5	(9.4)	(0.3)	-	38.8
Overdrafts	(1.0)	(6.3)	-	-	(7.3)
	47.5	(15.7)	(0.3)	-	31.5
Investments realisable within one year	503.8	13.1	(2.4)	-	514.5
Bank and other borrowings:					
- less than one year	(37.2)	29.9	-	(5.0)	(12.3)
- more than one year	(695.4)	(116.5)	7.1	5.0	(799.8)
	(732.6)	(86.6)	7.1	-	(812.1)
Net debt	(181.3)	(89.2)	4.4	-	(266.1)

Cash, borrowings and overdraft balances shown above at 31 December 2002 and 2003 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).

Reconciliation of operating profit to net cash inflow from operating activities

	2003 £m	2002 £m
Operating profit	201.9	182.1
Depreciation and amortisation	14.3	8.9
Loss on sale of tangible fixed assets	0.4	0.3
Increase in amounts receivable from customers	(158.1)	(74.3)
Decrease/(increase) in stock and debtors	14.3	(26.3)
Decrease in unearned insurance premiums	(28.2)	(15.8)
(Decrease)/increase in insurance claims provision	(4.1)	72.4

Increase in trade creditors, accruals and other liabilities	16.6	4.2
Net cash inflow from operating activities	57.1	151.5

Net cash inflow from operating activities can be analysed as follows:

	2003 £m	2002 £m*
UK home credit	149.1	123.7
Yes Car Credit	(79.5)	-
Vanquis Bank	(13.1)	-
UK consumer credit	56.5	123.7
International	(11.1)	(42.4)
Motor insurance	23.2	80.4
Central	(11.5)	(10.2)
	57.1	151.5

* Analysis by division has been restated for the recharge of costs from central to UK home credit and international division.

Notes - Preliminary announcement of the final results for the year ended 31 December 2003

1. This preliminary announcement, which has been prepared on a basis consistent with the previous year, does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The announcement has been agreed with the company's auditors for release.

2. The information for the year ended 31 December 2002 is an extract from the statutory accounts to that date which have been delivered to the Registrar of Companies. Those accounts included an audit report which was unqualified and which did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. The statutory accounts for the year ended 31 December 2003 upon which the auditors have still to report, will be delivered to the Registrar following the company's annual general meeting.

3. Dividends

	2003 £m	2002 £m
Interim dividend paid - 13.10p (2002 - 12.46p)	33.1	30.3
Final dividend proposed - 19.90p (2002 - 18.44p)	50.3	46.6
	83.4	76.9

4. Earnings per share

The basic and diluted earnings per share figures have been calculated using the profit for the year attributable to ordinary shareholders of £141.1 million (2002 £118.6 million). The weighted average number of shares in issue during the year can be reconciled to the number used in the basic, adjusted and diluted earnings per share calculations as follows:

	2003 Number	2002 Number
Weighted average number of shares	m	m
In issue during the year	254.3	245.7
Held by the QUEST	(1.6)	(2.0)
Used in basic and adjusted earnings per share calculation	252.7	243.7
Issuable on conversion of outstanding options	0.7	0.8
Used in diluted earnings per share calculation	253.4	244.5

The adjusted earnings per share figures have been calculated using a profit after tax, excluding goodwill amortisation and exceptional items of £145.4 million (2002 £129.6 million). The adjustments made, and their impact on earnings per share, are as follows:

	2003 Earnings	2003 Earnings per share	2002 Earnings	2002 Earnings per share
	£m	pence	£m	pence
Basic earnings and earnings per share	141.1	55.84	118.6	48.66
Exceptional loss	-	-	10.7	4.39
Amortisation of goodwill	4.3	1.70	0.3	0.14
Adjusted earnings and earnings per share	145.4	57.54	129.6	53.19

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

	Number m
At 1 January 2003	254.2
Shares issued pursuant to the exercise of options	0.1
At 31 December 2003	254.3

5. Amounts receivable from customers

(a) Amounts receivable from customers represents:

	2003 £m	2002 £m
UK home credit (note 5(b))	642.5	636.2
International (note 5(c))	207.1	163.4
Yes Car Credit (note 5(d))	252.4	163.4
Vanquis Bank (note 5(e))	7.4	-
	1,109.4	963.0
Analysed as:		
- due within one year	905.3	821.1
- due in more than one year	204.1	141.9
	1,109.4	963.0

(b) UK home credit receivables

	2003 £m	2002 £m
Gross instalment credit receivables	985.3	972.4
Less: provision for bad and doubtful debts	(83.7)	(82.3)
Instalment credit receivables after provision for bad and doubtful debts	901.6	890.1
Less: deferred revenue thereon	(259.1)	(253.9)
	642.5	636.2
Analysed as:		
- due within one year	632.6	626.4
- due in more than one year	9.9	9.8
	642.5	636.2

(c) International receivables

	2003 £m	2002 £m
Gross instalment credit receivables	341.5	257.6
Less: provision for bad and doubtful debts	(33.4)	(17.3)
Instalment credit receivables after provision for bad and doubtful debts	308.1	240.3
Less: deferred revenue theron	(101.0)	(76.9)
Total - due within one year	207.1	163.4

(d) Yes Car Credit receivables

	2003 £m	2002 £m
Gross car finance receivables	421.4	271.5
Less: deferred revenue thereon	(142.9)	(95.2)
	278.5	176.3
Less: provision for bad and doubtful debts	(26.1)	(12.9)
	252.4	163.4
Analysed as:		
- due within one year	58.2	31.3
- due in more than one year	194.2	132.1
	252.4	163.4

(e) Vanquis Bank receivables

	2003 £m	2002 £m
Gross credit card receivables	8.2	-
Less: deferred revenue thereon	(0.2)	-
	8.0	-
Less: provision for bad and doubtful debts	(0.6)	-
Total - due within one year	7.4	-

(f) Bad debt charge

	2003 £m	2002 £m
UK home credit	88.0	84.9
Yes Car Credit	33.4	-
Vanquis Bank	0.7	-
UK consumer credit	122.1	84.9
International	37.2	27.2
Bad debt charge	159.3	112.1

6. Reconciliation of movement in equity shareholders' funds

	2003 £m	2002 £m

Profit attributable to equity shareholders	141.1	118.6
Dividends	(83.4)	(76.9)
Retained profit	57.7	41.7
New share capital issued (net of issue costs)	0.6	50.0
Goodwill on disposal	-	14.8
Currency translation differences	(1.6)	(0.3)
Net addition to equity shareholders' funds	56.7	106.2
Equity shareholders' funds at 1 January	402.7	296.5
Equity shareholders' funds at 31 December	459.4	402.7

7. The gearing ratio is calculated as bank and other borrowings, net of consumer credit cash, divided by year end consolidated equity shareholders' funds.

8. FRS 17 retirement benefits

The company has adopted the transitional arrangements under FRS 17 and will disclose the impact of the standard as a note to the accounts. If the standard had been adopted in full in 2003, earnings would have been reduced by £2.7 million and net assets at 31 December 2003 by £92.1 million (31 December 2002 £103.4 million). This reduction in net assets comprises a post tax FRS 17 liability of £73.4 million (2002 £95.3 million) and the elimination of a post tax SSAP 24 prepayment of £18.7 million (2002 £8.1 million). The company intends to make additional cash contributions to the two major defined benefit pension schemes in the UK of £15 million in 2004 (2003 £15 million).

Shareholder information

1. The shares will be marked ex-dividend on 7 April 2004.
2. Dividend warrants/vouchers in respect of the final dividend will be posted on 12 May 2004.
3. The final dividend will be paid on 14 May 2004 to shareholders on the register at the close of business on 13 April 2004.
4. The annual review and summary financial statement 2003 and the notice of the annual general meeting will be posted to shareholders on 25 March 2004 together with the annual report and accounts 2003 (for those shareholders who have requested it).
5. The Provident Financial Company Nominee Scheme ("the scheme") enables shareholders who are eligible to use it (i.e. individuals) to take advantage of the CREST system for settling transactions in shares in the company by means of a low-cost dealing service. It includes a dividend reinvestment scheme. Shareholders who wish to take advantage of the scheme should contact the company's registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, (telephone 0870 162 3100) to request an information pack.
6. The annual general meeting will be held on 5 May 2004 at the Hanover International Hotel and Club, Mayo Avenue, off Rooley Lane, Bradford, West Yorkshire, BD5 8HZ.