PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

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PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

DIRECTORS' REPORT

Provident Financial Management Services Limited (the 'company') is a wholly-owned subsidiary of Provident Financial plc which, together with its subsidiaries, forms the Provident Financial group (the 'group'). Provident Financial plc is a public limited company, listed on the London Stock Exchange.

Principal activities and review of business
The principal activity of the company is to provide management services to its subsidiaries within the Consumer Credit Division of Provident Financial plc and to generate dividend income from those investments. During 2014, the company received dividends from subsidiary undertakings of £85.0m from Provident Personal Credit Limited (2013: £85.0m) and £5.0m from Greenwood Personal Credit Limited (2013: £15.0m).

Results
The statement of comprehensive income for the year is set out on page 6. The profit for the year of £73.6m (2013: £77.5m) has been added to reserves.

Dividends
During the year ended 31 December 2014, the directors paid an interim dividend on the ordinary shares of the company of £70.0m (2013: £75.0m), which has been deducted from reserves. The directors do not recommend the payment of a final dividend (2013: £nil).

Directors
The directors of the company during the year ended 31 December 2014, all of whom were directors for the whole year then ended and to the date of this report, except where stated, were:

P S Crook	Chairman
A C Fisher	
M Stevens	
T R Anson	
S M Dickins	
J R Gillespie	
P A McLelland	
A J Parkinson	
S D Shaw	
H K Patel	(Appointed 1 December 2014)
S A F Lawrence	(Appointed 1 February 2015)

Principal risks and uncertainties and financial risk management
The company forms part of the Consumer Credit Division. During 2014, the Consumer Credit Division implemented an Enterprise Risk Management Framework (ERMF) which specifies the processes, governance, culture and capability required to embed effective risk management and ensure a joined-up strategic approach that not only realises business value but also delivers customer protection and regulatory assurance. In particular, the ERMF defines the three lines of defence model and the related responsibilities for each line.

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

The financial and capital risk management policies of the company are set out on pages 13 and 14.

DIRECTORS' REPORT (CONTINUED)

Employee involvement
The company is committed to employee involvement. The company consults with employees regularly, including through employee forums, trade unions and employee surveys, so that their views can be taken into account when making decisions that are likely to affect their interests. The company encourages the involvement of employees by means of newsletters, weekly performance updates, regular management team briefings, staff meetings and conferences. Both a Save As You Earn and a Buy As You Earn scheme are operated by the group to reinforce staff involvement in the group and to encourage an interest in its progress. Both schemes are open to all permanent employees of the company with more than six months' service. The group also has a number of community programmes in place and provides a wellbeing programme to promote physical and mental health.

Equal opportunities
The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled, every effort is made by the group to ensure their continued employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Auditor information
In accordance with section 418 of the Companies Act 2006, each person who is a director at the date of this report confirmed that:

i) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
ii) he/she has taken all reasonable steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor
Deloitte LLP, the auditor for the company, was appointed in 2012 and a resolution proposing their reappointment will be proposed at the forthcoming annual general meeting of the group.

BY ORDER OF THE BOARD

E G Versluys
Company Secretary
Bradford
11 March 2015

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

STRATEGIC REPORT

The company's profit before taxation and exceptional costs in 2014 was £68.9m (2013: £75.0m). An exceptional cost of £0.8m has been incurred in 2014 relating to the redundancy costs as part of a business restructuring within the company including a headcount reduction of 15 employees. The exceptional cost in 2013 of £4.6m related to a cost of a business restructuring within the company, including redundancy costs £3.4m associated with a headcount reduction of 90 employees.

Revenue recognised through the provision of management services to other group undertakings increased by 22.7% to £95.6m (2013: £77.9m).

Dividend income in 2014 of £90.0m (2013: £100.0m) was generated through dividends from subsidiary undertakings of £85.0m from Provident Personal Credit Limited (2013: £85.0m) and £5.0m from Greenwood Personal Credit Limited (2013: £15.0m).

Finance costs in 2014 of £26.1m were 0.8% lower than last year (2013: £26.3m).

Operating costs and administrative costs before exceptional costs increased by 18.3% to £90.6m (2013: £76.6m) following investment in enhancing IT, business and people development processes to support the repositioned home credit business, and embedding the governance and regulatory framework required to transition the company and group undertakings to the Financial Conduct Authority regime.

Going concern
Due to the company's net current liability position at the year-end, the immediate and ultimate parent undertaking, Provident Financial plc, has confirmed its continued support for the company. The directors believe that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements of the company have been prepared on a going concern basis. Further details on the basis of preparation is provided on page 9.

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

BY ORDER OF THE BOARD

E G Versluys
Company Secretary
Bradford
11 March 2015

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select suitable accounting policies and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

E G Versluys
Company Secretary
Bradford
11 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

We have audited the financial statements of Provident Financial Management Services Limited for the year ended 31 December 2014 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in shareholder's equity, the statement of cash flows, the statement of accounting policies, the financial and capital risk management report and the related notes 1 to 24 of the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors’ report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stewart Cumberbatch ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
11 March 2015

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2014 £m	2013 £m
Revenue	1	95.6	77.9
Dividend income		90.0	100.0
Total income		185.6	177.9
Finance costs	2	(26.1)	(26.3)
Operating costs		(9.8)	(8.6)
Administrative costs		(81.6)	(72.6)
Total costs		(117.5)	(107.5)
Profit before taxation	3	68.1	70.4
Profit before taxation and exceptional costs	3	68.9	75.0
Exceptional costs	3	(0.8)	(4.6)
Tax credit	4	5.5	7.1
Profit and total comprehensive income for the year attributable to the equity shareholder		73.6	77.5

All of the above operations relate to continuing operations.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

BALANCE SHEET

As at 31 December	Note	2014 £m	2013 £m
ASSETS			
Non-current assets			
Intangible assets	8	12.6	9.9
Property, plant and equipment	9	7.1	6.3
Investments in subsidiaries	10	800.3	800.3
Deferred tax assets	15	1.7	1.8
		821.7	818.3
Current assets			
Financial assets:			
- trade and other receivables	13	102.9	98.2
- cash and cash equivalents	11	0.1	0.1
Current tax assets		5.4	7.0
		108.4	105.3
Total assets		930.1	923.6
LIABILITIES			
Current liabilities			
Financial liabilities:			
- bank and other borrowings	16	(0.1)	(1.0)
- trade and other payables	17	(218.8)	(215.8)
		(218.9)	(216.8)
Non-current liabilities			
Financial liabilities:			
- trade and other payables	17	(438.2)	(438.2)
		(438.2)	(438.2)
Total liabilities		(657.1)	(655.0)
NET ASSETS		273.0	268.6
SHAREHOLDER'S EQUITY			
Share capital	18	257.8	257.8
Share-based payment reserve		1.7	2.7
Retained earnings		13.5	8.1
TOTAL SHAREHOLDER'S EQUITY		273.0	268.6

The financial statements on pages 6 to 27 were approved by the board of directors on 11 March 2015 and signed on its behalf by:

M Stevens
Director

P A McLelland
Director

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
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STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £m	Share-based payment reserve £m	Retained earnings £m	Total £m
At 1 January 2013		257.8	2.9	4.8	265.5
Profit and total comprehensive income for the year		-	-	77.5	77.5
Transactions with owners:					
- share-based payment charge	19	-	0.6	-	0.6
- transfer of share-based payment reserve		-	(0.8)	0.8	-
- dividends	5	-	-	(75.0)	(75.0)
At 31 December 2013		257.8	2.7	8.1	268.6
At 1 January 2014		257.8	2.7	8.1	268.6
Profit and total comprehensive income for the year		-	-	73.6	73.6
Transactions with owners:					
- share-based payment charge	19	-	0.8	-	0.8
- transfer of share-based payment reserve		-	(1.8)	1.8	-
- dividends	5	-	-	(70.0)	(70.0)
At 31 December 2014		257.8	1.7	13.5	273.0

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2014 £m	2013 £m
Cash flows from operating activities			
Cash generated from operations	23	17.1	5.9
Finance costs paid		(26.1)	(26.3)
Net cash generated from operating activities		(9.0)	(20.4)
Cash flows from investing activities			
Purchase of intangible assets	8	(6.8)	(2.8)
Purchase of property, plant and equipment	9	(3.8)	(3.1)
Proceeds from disposal of property, plant and equipment	9	0.5	0.5
Dividends received from subsidiaries		90.0	100.0
Net cash used in investing activities		79.9	94.6
Cash flows from financing activities			
Dividends paid to company shareholder	5	(70.0)	(75.0)
Net cash used in financing activities		(70.0)	(75.0)
Net increase/(decrease) in cash, cash equivalents and overdrafts		0.9	(0.8)
Cash, cash equivalents and overdrafts at beginning of year		(0.9)	(0.1)
Cash, cash equivalents and overdrafts at end of year		-	(0.9)
Cash, cash equivalents and overdrafts at end of year comprise:			
Cash at bank and in hand	11	0.1	0.1
Overdrafts (held in bank and other borrowings)	16	(0.1)	(1.0)
Total cash, cash equivalents and overdrafts		-	(0.9)

STATEMENT OF ACCOUNTING POLICIES

General information
The company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is No. 1 Godwin Street, Bradford, BD1 2SU.

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

Basis of preparation
The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of derivative financial instruments to fair value. In preparing the financial statements, the directors are required to use certain critical accounting estimates and are required to exercise judgement in the application of the company’s accounting policies.

The company’s accounting policies are chosen by the directors to ensure that the financial statements present a true and fair view. In accordance with section 400 of the Companies Act 2006 consolidated accounts are not presented since the company is a wholly owned subsidiary undertaking of Provident Financial plc, a company incorporated in the United Kingdom. All of the company's accounting policies are consistent with the requirements of IFRS, IFRIC and UK company law.

Principal accounting policies
The company’s principal accounting policies under IFRS, which have been consistently applied to all the years presented unless otherwise stated, are set out below.

(a) New and amended standards adopted by the company:

'Offsetting financial assets and financial liabilities (amendments to IAS 32)’ clarifies the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 ‘Financial instruments: Presentation’. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and that some gross settlement systems may be considered equivalent to a net settlement. The amendment has not had a material impact on the company.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2014 and not early adopted:

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The final version of the standard was issued in July 2014. The standard primarily impacts the classification and measurement of financial assets and liabilities and introduces the 'expected credit loss' model for the measurement of the impairment of financial assets so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The company is in the process of assessing the impact of the standard and will adopt the standard in line with the mandatory effective date 1 January 2018, subject to endorsement by the EU.

Revenue
Revenue comprises income from the provision of management services and related activities to other group companies which is recognised on an accruals basis.

Dividend income
Dividend income from investments is recognised when the shareholder's rights to receive payment has been established, provided that it is probable that the economic benefits will flow and the amount of revenue can be measured reliably. Dividend income is recognised in the statement of comprehensive income within revenue.

Finance costs
Finance costs principally comprise the interest on intra-group loan arrangements, and are recognised on an effective interest rate basis.

Intangible assets
Intangible assets, which comprise computer software and computer software development costs, represent the costs incurred to acquire or develop the specific software and bring it into use. These are valued at cost less subsequent amortisation.

Directly attributable costs associated with the development of software that will generate future economic benefits are capitalised as an intangible asset. Directly attributable costs include the cost of software development employees and an appropriate portion of relevant directly attributable overheads.

Computer software is amortised on a straight-line basis over its estimated useful economic life which is generally estimated to be between five and ten years.

The residual values and economic lives of intangible assets are reviewed by management at each balance sheet date.

Amortisation is charged to the statement of comprehensive income as part of administrative costs.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. Impairment is calculated by comparing the carrying value of the investment to the higher of the net asset value of the relevant subsidiary or its discounted expected future cash flows.

Property, plant and equipment
Property, plant and equipment is shown at cost less subsequent depreciation and impairment.

Cost represents invoiced cost plus any other costs that are directly attributable to the acquisition of the items. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated to write down assets to their estimated realisable value over their useful economic lives. The following are the principal bases used:

	%	Method
Equipment (including computer hardware)	10 to 33.3	Straight line
Motor vehicles	25	Reducing balance

The residual values and useful economic lives of all assets are reviewed, and adjusted if appropriate, at each balance sheet date.

All items of property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use or its fair value less costs to sell.

Gains and losses on disposal of property, plant and equipment are determined by comparing any proceeds with the carrying amount of the asset and are recognised within administrative costs in the statement of comprehensive income.

Depreciation is charged to the statement of comprehensive income as part of administrative costs.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All current leases held are operating leases. Costs in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Borrowings
Borrowings are recognised initially at fair value, being their issue proceeds net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the statement of comprehensive income statement over the expected life of the borrowings using the effective interest rate.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Dividends
Dividend distributions to the company's shareholder are recognised in the financial statements when approved by the company's board of directors.

Retirement benefits
Defined benefit pension schemes:
The company participates in the Provident Financial Staff Pension Scheme, a multi-employer scheme, sponsored by Provident Financial plc. As there is no contractual agreement for charging the company a portion of the defined benefit costs of the plan as a whole, the company recognises their cash contributions on an accruals basis.

Defined contribution pension schemes:
For defined contribution schemes the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Share-based payments
Provident Financial plc grants options to the company's employees under group employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)) and makes awards under the Performance Share Plan (PSP) and the Long Term Incentive Scheme (LTIS). All of the schemes are equity-settled.

The cost of providing options and awards to the company's employees is charged to the statement of comprehensive income of the company over the vesting period of the related options and awards. The corresponding credit is made to a share-based payment reserve within equity.

The cost of options and awards is based on fair value. For PSP awards, the performance conditions are based on earnings per share (EPS). For LTIS schemes, performance conditions are based on profit before taxation. Accordingly, the fair value of awards under these schemes is determined using a binomial option pricing model which is a suitable model for valuing options with internal related targets such as EPS and profit before taxation. A binomial model is also used for calculating the fair value of SAYE options which have no performance conditions attached. The value of the charge is adjusted at each balance sheet date to reflect lapses and expected and actual levels of vesting, with a corresponding adjustment to the share-based payment reserve.

A transfer is made from the share-based payment reserve to retained earnings on vesting or when options and awards lapse.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Exceptional items
Exceptional items are items that are unusual because of their size, nature or incidence and which the directors consider should be disclosed separately to enable a full understanding of the company's results.

Taxation
The tax credit represents the sum of current and deferred tax. Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from profit before taxation as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is also provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Provident Financial Management Services Limited (the 'company') is a wholly-owned subsidiary of Provident Financial plc which, together with its subsidiaries, forms the Provident Financial group (the 'group').

The overall group internal control and risk management framework is the responsibility of the group board with certain responsibilities in respect of internal control and risk management being delegated to various sub-committees who report directly to the board. An overview of the group's risk management framework can be found in the annual report of Provident Financial plc.

The group operates with a centralised treasury function and therefore the funding requirements of the company are met wholly or partially via funding from Provident Financial plc or one of its subsidiaries. In addition, the allocation of capital is managed on a group basis by the centralised treasury function. Accordingly, it is inappropriate to consider the management of liquidity risk, interest rate risk, market risk and capital risk on a stand-alone company basis.

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

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

The group's funding and liquidity policy is designed to ensure that the group is able to continue to fund the growth of the business. The group therefore maintains committed borrowing facilities and access to retail deposit funding through its subsidiary, Vanquis Bank Limited, to meet forecast borrowing requirements, including contractual maturities, at all times for at least the following 12 months. As at 31 December 2014, the group's committed borrowing facilities had a weighted average maturity of 3.1 years (2013: 3.2 years) and the headroom on these committed facilities amounted to £111.5m (2013: £235.2m).

The group is less exposed than other mainstream lenders to liquidity risk as the loans issued by the Consumer Credit Division are of short-term duration (typically around one year), whereas the group's borrowings extend over a number of years.

A maturity analysis of the undiscounted contractual cash flows of the group's bank and other borrowings, including derivative financial instruments settled on a net and gross basis, is set out in the annual report of Provident Financial plc.

(b) Interest rate risk
Interest rate risk is the risk of a change in external interest rates which leads to an increase in the company's cost of borrowing.

The group's exposure to movements in interest rates is managed by the group treasury committee and is governed by a board-approved interest rate hedging policy which forms part of the group's treasury policies.

The group seeks to limit the net exposure to changes in sterling interest rates. This is achieved through a combination of issuing fixed-rate debt and by the use of derivative financial instruments such as interest rate swaps.

A 2% movement in the interest rate applied to borrowings during 2014 and 2013 would not have had a material impact on the group's profit before taxation or equity as the group's interest rate risk was substantially hedged. Further details of the interest rate risk management are detailed within the annual report of Provident Financial plc.

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(c) Market risk
Market risk is the risk of loss due to adverse market movements caused by active trading positions taken in interest rates, foreign exchange markets, bonds and equities. The company's and group's policies do not permit it or the group to undertake position taking or trading books of this type and therefore neither it or the group does so.

(d) Capital risk
Capital risk is managed by the group's centralised treasury department. The group manages capital risk by focussing on capital efficiency and effective risk management. This aims to maintain sufficient, but not excessive, financial strength, optimise the debt to equity structure of the company and support dividend payments to the parent. This takes into account the requirements of a variety of different stakeholders including shareholders, policyholders, regulators and rating agencies. A more detailed explanation of the management of capital risk can be found in the annual report of Provident Financial plc.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL STATEMENTS

1 Revenue

	2014	2013
	£m	£m
Provision of management services	95.6	77.9

2 Finance costs

	2014	2013
	£m	£m
Interest payable to other group undertakings	26.1	26.3

3 Profit before taxation

	2014	2013
	£m	£m
Profit before taxation is stated after charging:		
Amortisation of intangible assets (note 8)	4.1	3.6
Depreciation of property, plant and equipment (note 9)	2.7	2.8
Loss on disposal of property, plant and equipment (note 9)	-	0.1
Operating lease rentals:		
- property	4.5	5.2
Employment costs (prior to exceptional redundancy costs) (note 7(b))	36.8	30.9
Exceptional redundancy costs (note 7(b))	0.8	3.4

An exceptional cost of £0.8m has been incurred in 2014 relating to redundancy as part of a business restructuring within the company, including a headcount reduction of 15 employees. The exceptional cost in 2013 of £4.6m related to the cost of a business restructuring within the company, including redundancy costs of £3.4m associated with a headcount reduction of 90 employees.

Auditor's remuneration payable to Deloitte LLP in respect of the audit of the company's financial statements totalled £35,000 (2013: £45,000). Auditor's remuneration to Deloitte LLP in respect of other services pursuant to legislation were £103,000 (2013: £nil).

4 Tax credit

	2014	2013
Tax credit in the statement of comprehensive income	£m	£m
Current tax	5.6	7.5
Deferred tax (note 15)	(0.1)	(0.2)
Impact of change in UK tax rate	-	(0.2)
Total tax credit	5.5	7.1

The standard rate of UK corporation tax reduced from 23% to 21% with effect from 1 April 2014 and will further reduce to 20% from 1 April 2015.

4 Tax credit (continued)

As the changes to the UK statutory corporation tax rate were enacted in the 2013 Finance Act, deferred tax balances at 31 December 2013 were re-measured at 20% on the basis that the temporary differences on which the deferred tax balances were calculated were expected to reverse after 1 April 2015. In 2014, movements in the deferred tax balances have been measured at the effective statutory corporation tax rate for the year of 21.50% (2013: 23.25%). The deferred tax balances at 31 December 2014 have then been re-measured at 20% as the temporary differences on which the deferred tax has been calculated are expected to reverse after 1 April 2015. A tax charge of £nil in 2014 (2013: £0.2m) represents the statement of comprehensive income adjustment as a result of this change.

The rate of tax charged on profit before taxation for the year is lower than (2013: lower than) the average standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). This can be reconciled as follows:

	2014 £m	2013 £m
Profit before taxation	68.1	70.4
Profit before taxation multiplied by the average standard rate of corporation tax in the UK of 21.50% (2013: 23.25%)	(14.6)	(16.4)
Effects of:		
- impact of non taxable dividends	19.3	23.2
- adjustment in respect of prior years	0.8	0.5
- impact of change in UK tax rate	-	(0.2)
Total tax credit	5.5	7.1

5 Dividends

	2014 £m	2013 £m
2013 interim - 29.1p per share	-	75.0
2014 interim - 27.2p per share	70.0	-
Dividends paid	70.0	75.0

6 Directors' remuneration

The remuneration of the directors, who are the key management personnel of the company, is set out below:

	2014 £m	2013 £m
Short-term employee benefits	3.1	2.9
Termination benefits	-	0.4
Post-employment benefits	0.6	0.3
Share-based payment charge	0.5	0.1
Total	4.2	3.7

The directors' emoluments disclosed above exclude the emoluments of P S Crook and A C Fisher, which are paid and disclosed by the ultimate parent company, Provident Financial plc, and recharged to Provident Financial Management Services Limited, as part of a management charge. This management charge, which in 2014 amounted to £7.3m (2013: £7.8m), also includes a recharge of administrative costs borne by the parent company on behalf of the company and it is not possible to identify separately the amount of P S Crook and A C Fisher's emoluments. The emoluments of these directors are disclosed in the annual report of Provident Financial plc.

6 Directors' remuneration (continued)

Retirement benefits accrue to four directors under a defined benefit scheme (2013: four) and five directors under a money purchase scheme (2013: four). Nine directors are entitled to shares under the Provident Financial plc share option/award arrangements (2013: eight). During the year five directors exercised share options/awards under share incentive schemes (2013: nine).

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

	2014	2013
	£m	£m
Short-term employee benefits	0.6	0.7
Termination benefits	-	0.2
Post-employment benefits	0.1	0.1
Total	0.7	1.0

The above director accrued £nil of benefits under a defined benefit pension arrangement during the year (2013: £nil). The above director exercised share options/awards during the year and received shares under share incentive schemes.

7 Employee information

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

	2014	2013
	Number	Number
Business risk	84	91
Commercial	92	41
Directors and administrative support	12	12
Finance	64	85
People	83	78
Support services	180	212
Technology and change	203	215
Total	718	734
Analysed as:		
Full time	624	631
Part time	94	103
Total	718	734

(b) Employment costs – all employees (including directors)

	2014	2013
	£m	£m
Aggregate gross wages and salaries paid to the company's employees	28.2	22.6
Employer's National Insurance contributions	3.1	2.9
Pension charge (note 14)	4.7	4.8
Share-based payment charge (note 19)	0.8	0.6
Total employment costs prior to exceptional redundancy costs	36.8	30.9
Exceptional redundancy costs (note 3)	0.8	3.4
Total	37.6	34.3

The pension charge comprises contributions to the defined benefit and stakeholder pension plan (see note 14).

8 Intangible assets

	Computer software	
	2014	2013
	£m	£m
Cost		
At 1 January	52.4	49.7
Additions	6.8	2.8
Disposals	(4.2)	(0.1)
At 31 December	55.0	52.4
Accumulated amortisation		
At 1 January	42.5	39.0
Charged to the statement of comprehensive income	4.1	3.6
Disposals	(4.2)	(0.1)
At 31 December	42.4	42.5
Net book value at 31 December	12.6	9.9
Net book value at 1 January	9.9	10.7

Intangible assets represent purchased and internally developed software. The largest components of intangible assets are the internally developed field operating system which has a net book value of £3.4m (2013: £5.0m) and a remaining amortisation period of 3 years (2013: 4 years), and systems development for both Satsuma loans and Guarantor loans which have a net book value of £2.7m (2013: £1.3m) and £2.5m (2013: £0.4m) respectively, and a remaining amortisation period of 5 years (2013: 5 years).

9 Property, plant and equipment

	Equipment and vehicles	
	2014	2013
	£m	£m
Cost		
At 1 January	24.5	24.9
Additions	3.8	3.1
Disposals	(1.2)	(3.6)
Transfer from group undertakings	0.3	0.1
At 31 December	27.4	24.5
Accumulated depreciation		
At 1 January	18.2	18.3
Charged to the statement of comprehensive income	2.7	2.8
Disposals	(0.7)	(2.9)
Transfer from group undertakings	0.1	-
At 31 December	20.3	18.2
Net book value at 31 December	7.1	6.3
Net book value at 1 January	6.3	6.6

The loss on disposal of property, plant and equipment in 2014 amounted to £nil (2013: £0.1m) and represented proceeds received of £0.5m (2013: £0.6m) less the net book value of disposals of £0.5m (2013: £0.7m).

10 Investments in subsidiaries

Cost and net book value	2014 £m	2013 £m
Investments in subsidiary companies	800.3	800.3

The directors consider the value of investments to be supported by their underlying assets.

The following are the subsidiary undertakings which, in the opinion of the directors, principally affect the profit or assets of the company.

Company	Activity	Country of incorporation or registration	Class of capital	% holding
Provident Personal Credit Limited	Financial Services	England	Ordinary	100
Greenwood Personal Credit Limited	Non-trading	England	Ordinary	100

Greenwood Personal Credit Limited previously engaged in financial services activities. On 1 April 2014, the trade and majority of the assets and liabilities of Greenwood Personal Credit Limited were transferred to Provident Personal Credit Limited. From this date, Greenwood Personal Credit Limited ceased to trade.

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

11 Cash and cash equivalents

	2014 £m	2013 £m
Cash at bank and in hand	0.1	0.1

12 Financial instruments

The following table sets out the carrying value of the company's financial assets and liabilities in accordance with the categories of financial instruments set out in IAS 39. Assets and liabilities outside the scope of IAS 39 are shown within non-financial assets/liabilities:

				2014
	Loans and receivables £m	Amortised cost £m	Non-financial assets £m	Total £m
Assets				
Investments in subsidiaries	-	-	800.3	800.3
Cash and cash equivalents	0.1	-	-	0.1
Trade and other receivables	102.9	-	-	102.9
Property, plant and equipment	-	-	7.1	7.1
Intangible assets	-	-	12.6	12.6
Deferred tax assets	-	-	1.7	1.7
Current tax asset	-	-	5.4	5.4
Total assets	103.0	-	827.1	930.1
Liabilities				
Bank and other borrowings	-	(0.1)	-	(0.1)
Trade and other payables	-	(657.0)	-	(657.0)
Total liabilities	-	(657.1)	-	(657.1)

12 Financial instruments (continued)

				2013
	Loans and receivables	Amortised cost	Non-financial assets	Total
	£m	£m	£m	£m
Assets				
Investments in subsidiaries	-	-	800.3	800.3
Cash and cash equivalents	0.1	-	-	0.1
Trade and other receivables	98.2	-	-	98.2
Property, plant and equipment	-	-	6.3	6.3
Intangible assets	-	-	9.9	9.9
Deferred tax assets	-	-	1.8	1.8
Current tax asset	-	-	7.0	7.0
Total assets	98.3	-	825.3	923.6
Liabilities				
Bank and other borrowings	-	(1.0)	-	(1.0)
Trade and other payables	-	(654.0)	-	(654.0)
Total liabilities	-	(655.0)	-	(655.0)

13 Trade and other receivables

	2014	2013
Current assets	£m	£m
Other receivables	1.7	-
Amounts owed by ultimate parent undertaking	81.3	87.3
Amounts owed by subsidiary undertakings	15.5	7.7
Amounts owed by fellow subsidiary undertakings	1.3	0.1
Prepayments and accrued income	3.1	3.1
Total	102.9	98.2

Amounts owed by the ultimate parent, subsidiary and fellow subsidiary undertakings are unsecured, repayable on demand and generally accrue interest at rates linked to LIBOR.

The maximum exposure to credit risk of trade and other receivables is the carrying value of each class of receivable set out above. There is no collateral held in respect of trade and other receivables (2013: £nil). The fair value of trade and other receivables equates to their book value.

14 Retirement benefits

The company's employees participate in both defined benefit and defined contribution pension schemes.

(a) Pension schemes - defined benefit

In order to provide its employees with a defined benefit pension, the company participates in the Provident Financial Staff Pension Scheme. The scheme has been substantially closed to new members since 1 January 2003.

All future benefits in the scheme are now provided on a 'cash balance' basis, with a defined amount being made available at retirement, based on a percentage of salary that is revalued up to retirement with reference to increases in price inflation. This retirement account is then used to purchase an annuity on the open market.

14 Retirement benefits (continued)

The scheme also provides pension benefits that were accrued in the past on a final salary basis, but which are no longer linked to final salary.

The scheme also provides death benefits.

The scheme is a multi-employer scheme, sponsored by Provident Financial plc and, although the company participates in the scheme, there is no contractual agreement for charging the company a portion of the defined benefit costs of the plan as a whole. In accordance with IAS 19, 'Employee benefits', the company recognises the contributions payable in respect of its current employees in its individual financial statements, similar to the treatment of a defined contribution scheme. In 2014 these contributions amounted to £3.3m (2013: £3.6m). The expected contributions to the defined benefit pension scheme in the year ending 31 December 2015 are approximately £3.3m.

In accordance with IAS 19, the sponsoring company, Provident Financial plc, and the consolidated group, recognises the defined benefit cost and the retirement benefit asset in respect of the Provident Financial Staff Pension Scheme.

The retirement benefit asset reflects the difference between the present value of the group's obligation to current and past employees to provide a defined benefit pension and the fair value of assets held to meet that obligation. As at 31 December 2014, the fair value of the assets exceeded the obligation and hence a net pension asset has been recorded in the group's financial statements.

In participating in a defined benefit scheme, the company is exposed to a number of risks, the most significant of which are as follows:

- Investment risk – the liabilities for IAS 19 purposes are calculated using a discount rate set with reference to corporate bond yields. If the assets underperform this yield a deficit will arise. The scheme has a long-term objective to reduce the level of investment risk by investing in assets that better match the liabilities.
- Change in bond yields – a decrease in corporate bond yields will increase the liabilities, although this will be partly offset by an increase in matching assets.
- Inflation risk – part of the liabilities are linked to inflation. If inflation increases then liabilities will increase, although this will be partly offset by an increase in assets. As part of the long-term de-risking strategy, the scheme will further increase its portfolio in inflation matched asset.
- Life expectancies – the scheme’s final salary benefits provide pensions for the rest of members’ lives (and for their spouses’ lives). If members live longer than assumed, then the liabilities in respect of final salary benefits increase.

The most recent actuarial valuation of the scheme was carried out as at 1 June 2012 by a qualified independent actuary. The valuation used for the purposes of IAS 19 ‘Employee benefits’ has been based on the results of the 2012 valuation, updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at the balance sheet date. Scheme assets are stated at fair value as at the balance sheet date.

The retirement benefit asset disclosures relating to the group as a whole, as disclosed in the financial statements of Provident Financial plc, are shown below.

14 Retirement benefits (continued)

The net retirement benefit asset recognised in the balance sheet of the group is as follows:

	Group			
	2014		2013	
	£m	%	£m	%
Equities	249.2	36	237.4	39
Other diversified return seeking investments	65.5	9	-	-
Corporate bonds	137.8	20	156.7	25
Fixed interest gilts	80.6	11	-	-
Index-linked gilts	164.9	24	145.2	24
Cash and money market funds	2.1	-	74.5	12
Total fair value of scheme assets	700.1	100	613.8	100
Present value of funded defined benefit obligations	(644.1)		(584.6)	
Net retirement benefit asset recognised in the balance sheet	56.0		29.2	

Movements in the fair value of scheme assets were as follows:

	Group	
	2014	2013
	£m	£m
Fair value of scheme assets at 1 January	613.8	570.7
Interest on scheme assets	26.9	25.6
Actuarial movement on scheme assets	77.9	20.1
Contributions by the group	13.1	14.5
Net benefits paid out	(31.6)	(17.1)
Fair value of scheme assets at 31 December	700.1	613.8

Movements in the present value of the defined benefit obligation were as follows:

	Group	
	2014	2013
	£m	£m
Present value of defined benefit obligation at 1 January	(584.6)	(547.7)
Current service cost	(5.8)	(7.1)
Interest on scheme liabilities	(25.5)	(24.5)
Exceptional curtailment credit	0.6	1.6
Actuarial movement on scheme liabilities	(60.4)	(24.0)
Net benefits paid out	31.6	17.1
Present value of defined benefit obligation at 31 December	(644.1)	(584.6)

The principal actuarial assumptions used at the balance sheet date were as follows:

	Group	
	2014	2013
	%	%
Price inflation - RPI	3.1	3.4
Price inflation - CPI	2.1	2.4
Rate of increase to pensions in payment	2.9	3.1
Inflationary increase to pensions in deferment	2.1	2.4
Discount rate	3.7	4.4

14 Retirement benefits (continued)

(b) Pension schemes - defined contribution

The group operates a stakeholder pension plan into which the company contributes a proportion of pensionable earnings of the member (typically ranging between 5.1% and 10.6%) dependent on the proportion of pensionable earnings contributed by the member through a salary sacrifice arrangement (typically ranging between 3.0% and 8.0%). The pension charge in the company's statement of comprehensive income represents contributions payable by the company in respect of the plan and amounted to £1.4m for the year ended 31 December 2014 (2013: £1.2m). No contributions were payable to the fund at the year end (2013: £nil).

The company made £0.1m of contributions into personal pension plans in the year (2013: £0.1m).

In October 2013 the group auto-enrolled all eligible staff into a new scheme designed for auto-enrolment.

15 Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method. Following the changes in corporation tax rates enacted in 2013, deferred tax balances at 31 December 2013 were re-measured at 20% on the basis that the temporary differences on which the deferred tax was calculated were expected to reverse after 1 April 2015. In 2014, movements in the deferred tax balances have been measured at the effective statutory corporation tax rate for the year of 21.50% (2013: 23.25%). The deferred tax balances at 31 December 2014 have then been re-measured at 20% as the temporary differences on which deferred tax has been calculated are expected to reverse after 1 April 2015. A tax charge in 2014 of £nil (2013: £0.2m) represents the statement of comprehensive income adjustment to deferred tax as a result of this change.

The movement in the deferred tax asset during the year can be analysed as follows:

	2014	2013
Asset	£m	£m
At 1 January	1.8	2.2
Charge to the statement of comprehensive income (note 4)	(0.1)	(0.2)
Impact of change in UK tax rate:		
- charge to the statement of comprehensive income	-	(0.2)
At 31 December	1.7	1.8

An analysis of the deferred tax asset for the company is set out below:

	2014			2013		
	Accelerated capital allowances	Other temporary differences	Total	Accelerated capital allowances	Other temporary differences	Total
	£m	£m	£m	£m	£m	£m
At 1 January	1.5	0.3	1.8	1.5	0.7	2.2
Credit/(charge) to the statement of comprehensive income	0.1	(0.2)	(0.1)	0.2	(0.4)	(0.2)
Impact of change in UK tax rate:						
- charge to the statement of comprehensive income	-	-	-	(0.2)	-	(0.2)
At 31 December	1.6	0.1	1.7	1.5	0.3	1.8

15 Deferred tax (continued)

Deferred tax is a future tax liability or asset resulting from temporary differences or timing differences between the accounting value of assets and liabilities and their value for tax purposes. Deferred tax arises primarily in respect of property, plant and equipment which is depreciated on a different basis for tax purposes, deductions for employee share awards which are recognised on a different basis for tax purposes and certain cost provisions for which tax deductions are only available when the costs are paid. Deferred tax assets are recognised because it is considered probable that future taxable profits will be available against which the temporary differences can be utilised.

16 Bank and other borrowings

Borrowing facilities principally comprise overdrafts which are repayable on demand.

As at 31 December 2014, borrowings amounted to £0.1m (2013: £1.0m).

17 Trade and other payables

Current liabilities	2014 £m	2013 £m
Trade payables	0.3	-
Amounts owed to subsidiary undertaking	200.0	201.0
Amounts owed to fellow subsidiary undertakings	8.5	8.5
Other payables including taxation and social security	0.9	0.9
Accruals	9.1	5.4
Total	218.8	215.8

The fair value of trade and other payables equates to their book value (2013: fair value equated to book value). The amounts owed to subsidiary and fellow subsidiary undertakings are unsecured, due for repayment in less than one year and accrue interest at rates linked to LIBOR.

Non-current liabilities	2014 £m	2013 £m
Amounts owed to ultimate parent undertaking	438.2	438.2

The amounts owed to the ultimate parent undertaking are secured, due for repayment in more than one year and accrue interest at rates linked to LIBOR.

18 Share capital

		2014		2013	
		Authorised	Issued and fully paid	Authorised	Issued and fully paid
Ordinary shares of 100p each	**- £m**	272.0	257.8	272.0	257.8
	- number (m)	272.0	257.8	272.0	257.8

There are no shares issued and not fully paid at the end of the year (2013: no shares).

19 Share-based payments

Provident Financial plc operates three share schemes: the Long Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), and the Performance Share Plan (PSP) where shares in the parent company are available to the employees of the company. The group also previously operated senior executive share option schemes (ESOS/SESO), although no options have been granted under these scheme since 2006. During 2014, awards/options have been granted under the PSP, LTIS and SAYE schemes based on the awards/options granted to the company's employees (2013: awards/options granted under the PSP, LTIS and SAYE schemes). The charge to the statement of comprehensive income during the year was £0.8m (2013: £0.6m). The assumptions to consider the appropriate fair values of options are outlined below.

			2014			2013
	PSP	LTIS	SAYE	PSP	LTIS	SAYE
Grant date	08-Apr-14	08-Apr-14	05-Sep-14	09-May-13	01-Mar-13	23-Aug-13
Share price at grant date (£)	18.99	18.99	21.31	16.00	15.01	17.15
Exercise price (£)	-	-	16.44	-	-	13.05
Shares awarded/under option	14,479	94,388	75,715	9,346	101,106	53,263
Vesting period (years)	3	3	3 and 5	3	3	3 and 5
Expected volatility	21.8%	21.8%	21.2% to 22.2%	24.0%	23.9%	23.7% to 27.2%
Award/option life (years)	3	3	Up to 5	3	3	Up to 5
Expected life (years)	3	3	Up to 5	3	3	Up to 5
Risk-free rate	1.41%	1.41%	1.23% to 1.75%	0.69%	0.67%	0.88% to 1.64%
Expected dividends expressed as a dividend yield	n/a	n/a	4.40%	n/a	n/a	5.00%
Fair value per award/option (£)	18.99	18.99	4.16 to 4.27	16.00	15.01	3.37 to 3.72

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

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

		PSP		LTIS		SAYE		ESOS/ SESO
2014	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	26,188	-	402,319	-	257,323	9.35	10,820	5.77
Granted	14,479	-	94,388	-	75,715	16.44	-	-
Lapsed	(655)	-	(21,362)	-	(19,792)	10.51	-	-
Exercised	(12,421)	-	(185,270)	-	(69,808)	7.96	-	-
Transferred	-	-	-	-	(30,582)	-	-	-
Outstanding at 31 December	27,591	-	290,075	-	212,856	12.45	10,820	5.77
Exercisable at 31 December	-	-	-	-	235	8.36	10,820	5.77

19 Share-based payments (continued)

	PSP		LTIS		SAYE		ESOS/ SESO	
2013	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	42,630	-	447,312	-	324,720	7.81	10,820	5.77
Granted	9,346	-	101,106	-	53,263	13.05	-	-
Lapsed	(9,910)	-	(17,712)	-	(15,339)	9.26	-	-
Exercised	(15,878)	-	(128,387)	-	(127,834)	6.53	-	-
Transferred	-	-	-	-	22,513	-	-	-
Outstanding at 31 December	26,188	-	402,319	-	257,323	9.35	10,820	5.77
Exercisable at 31 December	-	-	-	-	4,150	6.53	10,820	5.77

No options/awards were granted to the company in respect of the ESOS/SESO schemes (2013: none).

Share awards outstanding under the LTIS scheme at 31 December 2014 had an exercise price of £nil (2013: £nil) and a weighted average remaining contractual life of 1.2 years (2013: 0.9 years). Share options outstanding under the SAYE schemes at 31 December 2014 had exercise prices ranging from 656p to 1,644p (2013: 656p to 1,305p) and a weighted average remaining contractual life of 2.1 years (2013: 2.0 years). Share awards outstanding under the PSP scheme at 31 December 2014 had an exercise price of £nil (2013: £nil) and a weighted average remaining contractual life of 1.5 years (2013: 1.1 years). Share options outstanding under the ESOS/SESO schemes at 31 December 2014 had an exercise price of 577p (2013: 577p) and a weighted average remaining contractual life of nil years (2013: nil years).

The transfer of options in 2014 and 2013 occurred due to an intercompany transfer between the company, Provident Personal Credit Limited and Greenwood Personal Credit Limited. In line with IFRS 2: 'Share-based payment', the charge has remained in the company which benefited from the employee's service.

20 Commitments

Commitments under operating leases are as follows:

	2014 £m	2013 £m
Due within one year	5.0	5.4
Due between one and five years	6.2	7.1
Due in more than five years	1.4	2.1
Total	12.6	14.6

The operating lease commitments are non-cancellable and principally relate to property leases.

21 Related party transactions

Details of the transactions between the company and other group undertakings, which comprise management recharges and interest charges on intra-group balances, along with any balances outstanding at 31 December are set out below:

	2014			2013		
	Management recharge	Interest charge	Outstanding balance	Management recharge	Interest charge	Outstanding balance
	£m	£m	£m	£m	£m	£m
Ultimate parent undertaking	7.3	11.2	(356.9)	7.8	11.1	(350.9)
Subsidiary undertakings	(93.8)	14.9	(184.5)	(76.5)	15.2	(193.3)
Other group undertakings	(0.1)	-	(7.2)	(0.1)	-	(8.4)
Total	(86.6)	26.1	(548.6)	(68.8)	26.3	(552.6)

The outstanding balance represents the gross intercompany balance payable to the company.

During 2014, the company received dividends from subsidiary undertakings of £85.0m from Provident Personal Credit Limited (2013: £85.0m) and £5.0m from Greenwood Personal Credit Limited (2013: £15.0m).

22 Contingent liabilities

The company is a guarantor in respect of: (i) borrowings made by the company's ultimate parent undertaking; and (ii) guarantees given by the company's ultimate parent undertaking in respect of borrowings of certain of its subsidiaries to a maximum of £1,039.5m (2013: £1,101.0m). At 31 December 2014, the borrowings amounted to £906.5m (2013: £844.3m). No loss is expected to arise.

23 Reconciliation of profit after taxation to cash generated from operations

	Note	2014 £m	2013 £m
Profit after taxation		73.6	77.5
Adjusted for:			
- tax credit	4	(5.5)	(7.1)
- finance costs	2	26.1	26.3
- dividends received	21	(90.0)	(100.0)
- share-based payment charge	19	0.8	0.6
- amortisation of intangible assets	8	4.1	3.6
- depreciation of property, plant and equipment	9	2.7	2.8
- loss on disposal of property, plant and equipment	9	-	0.1
Changes in operating assets and liabilities:			
- trade and other receivables		2.4	(1.5)
- trade and other payables		2.9	3.6
Cash generated from operations		17.1	5.9

24 Parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Provident Financial plc, a company incorporated in the United Kingdom, which is the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Provident Financial plc may be obtained from the Company Secretary, Provident Financial plc, No. 1 Godwin Street, Bradford, BD1 2SU.