GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

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GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

DIRECTORS' REPORT

Greenwood Personal Credit 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
The principal activity of the company is to provide unsecured home credit loans to customers in the UK.

Results
The statement of comprehensive income for the year is set out on page 6. The profit for the year of £5.4m (2012: £5.6m) has been added to reserves.

Dividends
During the year ended 31 December 2013, the directors paid an interim dividend on the ordinary shares of the company of £15.0m (2012: £nil), which has been deducted from reserves. The directors do not recommend a final dividend (2012: £nil).

Directors
The directors of the company during the year ended 31 December 2013, all of whom were directors for the whole year then ended and to the date of this report, except where stated, were:

M Stevens	Chairman
S M Dickins	
J R Gillespie	
S D Shaw	
A J Parkinson	(Appointed 1 April 2013)
T R Anson	(Appointed 16 September 2013)
P A McLelland	(Appointed 2 December 2013)
I T Bailey	(Resigned 1 February 2013)
C D Gillespie	(Resigned 13 September 2013)
D C Craggs	(Resigned 26 September 2013)
C E F Taylor	(Resigned 30 September 2013)

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

The financial and capital risk management policies of the company are set out on pages 14 and 15.

Employee involvement
The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company and group is encouraged as achieving a common awareness amongst all employees of the financial and economic factors affecting the company and group plays a major role in maintaining its competitive position. The company encourages the involvement of employees by means of newsletters, weekly performance updates, regular management team briefings, staff meetings and conferences including trade union meetings. A Save As You Earn (SAYE) share option scheme is operated by the group to reinforce staff involvement in the group and to encourage an interest in its progress. The current scheme is open to all permanent employees of the company with more than six months' service.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

DIRECTORS' REPORT (CONTINUED)

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 will continue as auditor to the company for the next financial year.

BY ORDER OF THE BOARD

E G Versluys
Company Secretary
Bradford
14 March 2014

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

STRATEGIC REPORT

The company's profit before taxation and exceptional items in 2013 was £7.9m (2012: £7.4m) reflecting difficult trading conditions. An exceptional cost of £0.9m has been incurred in 2013 relating to the cost of a business restructuring within the company, including redundancy costs of £0.7m associated with a headcount reduction of 20 employees.

Demand for credit was weak due to very low home credit customer confidence and the persistent pressure on household incomes from rising food, fuel and utility bills. Weaker demand has been particularly apparent amongst better-quality existing customers who are typically served with higher value, longer duration loans that tend to be used for more discretionary items of expenditure. In addition, as part of the focus on driving returns in the home credit business, significantly tighter credit standards have been implemented which reduced the flow of new customers into the business through the final quarter of the year and contributed to customer numbers of 196,000 ending the year 15.9% lower than 2012.

Amounts receivable from customers at the end of December of £94.3m were 23.8% lower than the previous year and average receivables showed a year-on-year reduction of 13.3% due to the combination of weaker demand, tighter credit standards and lower customer recruitment.

Revenue decreased by 8.3% to £99.8m (2012: £108.8m) primarily as a result of the lower average receivables balance partly offset by the annualised revenue yield which strengthened to 103.6% at the end of December, up significantly from 97.9% at the end of last year. There are many factors causing this increase, one of which is the mix of loans in the book.

Finance costs in 2013 of £5.5m were 24.7% lower than last year reflecting the reduction in average receivables and a reduction in the funding rate for the company from 7.4% to 6.8%.

Impairment of amounts receivable from customers decreased by 2.4% to £52.1m (2012: £53.4m). The ratio of impairment to revenue increased from 49.1% at December 2012 to 52.2% at the end of 2013. Approximately half of the increase is attributable to the increase in the revenue yield. The other influence was the deterioration in the arrears profile that occurred during the first nine months of the year. This resulted from weaker demand as those existing customers not wishing to take further credit have less incentive to bring their accounts up to date and typically remained in mild arrears.

Costs remained under close scrutiny throughout 2013 and the first phase of the cost reduction programme was implemented in July 2013. This included a reduction in headcount of approximately 10. In November, the company announced the second phase of the cost reduction programme including further headcount reductions totalling 10. The related consultation period was successfully concluded in December.

Going concern

The company proposes to transfer its trade and most of its assets and liabilities to Provident Personal Credit Limited with effect from 1 April 2014, following which the company will cease to trade. Following the transfer the company will continue to be able to meet its liabilities as they fall due. 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
14 March 2014

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

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 the directors:

- properly select and apply accounting policies;
- 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 IFRSs 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 Versluys

E G Versluys
Company Secretary
Bradford
14 March 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENWOOD PERSONAL CREDIT LIMITED

We have audited the financial statements of Greenwood Personal Credit Limited for the year ended 31 December 2013 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, financial and capital risk management and the related notes 1 to 23 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 performing 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS 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 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.

Peter Birch FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
14 March 2014

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2013 £m	2012 £m
Revenue	1	99.8	108.8
Finance costs	2	(5.5)	(7.3)
Operating costs		(67.0)	(70.0)
Administrative costs		(20.3)	(24.1)
Administrative costs before exceptional items		(19.4)	(24.1)
Exceptional items	3	(0.9)	-
Total costs		(92.8)	(101.4)
Profit before taxation	3	7.0	7.4
Profit before taxation and exceptional items	3	7.9	7.4
Exceptional items	3	(0.9)	-
Tax charge	4	(1.6)	(1.8)
Profit and total comprehensive income for the year attributable to the equity shareholder		5.4	5.6

All of the above operations relate to continuing operations.

GREENWOOD PERSONAL CREDIT LIMITED
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BALANCE SHEET

As at 31 December	Note	2013 £m	2012 £m
ASSETS			
Non-current assets			
Property, plant and equipment	8	0.1	0.1
Financial assets:			
- amounts receivable from customers	9	9.0	10.4
Deferred tax assets	13	0.1	0.1
		9.2	10.6
Current assets			
Financial assets:			
- amounts receivable from customers	9	85.3	113.3
- cash and cash equivalents	14	2.1	2.5
- trade and other receivables	11	0.7	0.8
		88.1	116.6
Total assets		97.3	127.2
LIABILITIES			
Current liabilities			
Financial liabilities:			
- bank and other borrowings	15	(0.1)	-
- trade and other payables	16	(84.4)	(104.7)
Current tax liabilities		(1.7)	(1.8)
Total liabilities		(86.2)	(106.5)
NET ASSETS		11.1	20.7
SHAREHOLDER'S EQUITY			
Share capital	17	-	-
Share-based payment reserve		0.1	0.1
Retained earnings		11.0	20.6
TOTAL SHAREHOLDER'S EQUITY		11.1	20.7

The financial statements on pages 6 were approved by the board of directors on 14 March 2014 and signed on its behalf by:

M Stevens
Director

P A McLelland
Director

GREENWOOD PERSONAL CREDIT 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 2012		-	0.1	15.0	15.1
Profit and total comprehensive income for the year		-	-	5.6	5.6
At 31 December 2012		-	0.1	20.6	20.7
At 1 January 2013		-	0.1	20.6	20.7
Profit and total comprehensive income for the year		-	-	5.4	5.4
Transactions with owners:					
- dividends	5	-	-	(15.0)	(15.0)
At 31 December 2013		-	0.1	11.0	11.1

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2013 £m	2012 £m
Cash flows from operating activities			
Cash generated from operations	22	20.0	6.9
Finance costs paid		(5.5)	(7.3)
Tax paid		-	(0.8)
Net cash generated/(used in) from operating activities		14.5	(1.2)
Cash flows from financing activities			
Dividends paid to company shareholder	5	(15.0)	-
Net cash used in financing activities		(15.0)	-
Net decrease in cash, cash equivalents and overdrafts		(0.5)	(1.2)
Cash, cash equivalents and overdrafts at beginning of year		2.5	3.7
Cash, cash equivalents and overdrafts at end of year		2.0	2.5
Cash, cash equivalents and overdrafts at end of year comprise:			
Cash at bank and in hand	14	2.1	2.5
Overdrafts (held in bank and other borrowings)	15	(0.1)	-
Total cash, cash equivalents and overdrafts		2.0	2.5

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

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 activity of the company is to provide unsecured home credit loans to customers in the UK.

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. All of the company's accounting policies are consistent with the requirements of International Financial Reporting Standards, interpretations issued by the International Financial Reporting Interpretations Committee 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.

The following new standards, amendments to standards and interpretations are mandatory and were applied by the company for the first time in the financial year commencing 1 January 2013.

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

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across all IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. IFRS 13 has been adopted from its effective date of 1 January 2013. There has been no material impact on the measurement of fair values in the company.

There are no other IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have had a material impact on the company.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2013 and not early adopted:

'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 will be adopted from its effective date of 1 January 2014 and will not have a material impact on the company.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was originally issued in November 2009, reissued in October 2010, and then amended in November 2013. The current version of IFRS 9 does not include a mandatory effective date. This will be added when all phases of the project are complete and a final version of IFRS 9

Principal accounting policies (continued)

is issued. The company continues to assess the updates to the project and will adopt the standard in line with the mandatory effective date when determined, subject to endorsement by the EU.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

Revenue

Revenue comprises interest income earned and represents the charge payable by the customer on the amount of credit advanced by the company. Revenue excludes value added tax.

Revenue recognition

Revenue on customer receivables is recognised using an effective interest rate. The effective interest rate is calculated using estimated cash flows, being contractual payments adjusted for the impact of customers repaying early but excluding the anticipated impact of customers paying late or not paying at all. Directly attributable incremental issue costs are also taken into account in calculating the effective interest rate. Interest income continues to be accrued on impaired receivables using the original effective interest rate applied to the loan's carrying value.

Finance costs

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

Amounts receivable from customers

All customer receivables are initially recognised at the amount loaned to the customer plus directly attributable incremental issue costs. After initial recognition, customer receivables are subsequently measured at amortised cost. Amortised cost is the amount of the customer receivable at initial recognition less customer repayments, plus revenue earned calculated using the effective interest rate, less any deduction for impairment.

The company assesses whether there is objective evidence that customer receivables have been impaired at each balance sheet date. The principal criterion for determining whether there is objective evidence of impairment is delinquency in contractual payments.

Objective evidence of impairment is based on the payment performance of loans in the previous 12 weeks as this is considered to be the most appropriate indicator of credit quality in the short-term cash loans business. Loans are deemed to be impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 12-week period since only at this point do the expected future cash flows from loans deteriorate significantly. Loans with one missed weekly payment over the previous 12-week period are not deemed to be impaired.

The amount of impairment loss is calculated on a portfolio basis by reference to arrears stages and is measured as the difference between the carrying value of the loans and the present value of estimated future cash flows discounted at the original effective interest rate. Subsequent cash flows are regularly compared to estimated cash flows to ensure that the estimates are sufficiently accurate for impairment provisioning purposes.

Impairment charges are deducted directly from the carrying value of receivables.

Impairment charges and reversals are charged/credited to the income statement as part of operating costs.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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 income statement.

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

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 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:
Cash contributions to defined contribution pension schemes are charged to the income statement on an accruals basis.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Share-based payments
Provident Financial plc grants options under employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)) to the company's employees 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 income statement 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.

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 charge 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 income statement 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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Key assumptions and estimates
In applying the accounting policies set out above, the company makes significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

Amounts receivable from customers
The company reviews its portfolio of loans and receivables for impairment at each balance sheet date. For the purposes of assessing the impairment of customer loans and receivables, customers are categorised into arrears stages as this is considered to be the most reliable predictor of future payment performance. The company makes judgements to determine whether there is objective evidence which indicates that there has been an adverse effect on expected future cash flows. Receivables are deemed to be impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 12 weeks, since only at this point do the expected future cash flows from loans deteriorate significantly.

The level of impairment is calculated using models which use historical payment performance to generate the estimated amount and timing of future cash flows from each arrears stage, and are regularly tested using subsequent cash collections to ensure they retain sufficient accuracy. The impairment models are regularly reviewed to take account of the current economic environment, product mix and recent customer payment performance. However, on the basis that the payment performance of customers could be different from the assumptions used in estimating future cash flows, a material adjustment to the carrying value of amounts receivable from customers may be required.

To the extent that the net present value of estimated future cash flows differs by +/- 1%, it is estimated that the amounts receivable from customers would be approximately £0.9m (2012: £1.2m) higher/lower.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Greenwood Personal Credit 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) Credit risk
Credit risk is the risk that the company will suffer loss in the event of a default by a customer. A default occurs when the customer or bank fails to honour repayments as they fall due.

Amounts receivable from customers
The company's maximum exposure to credit risk on amounts receivable from customers as at 31 December 2013 is the carrying value of amounts receivable from customers of £94.3m (2012: £123.7m).

Credit risk within the Consumer Credit Division (CCD) is managed by the CCD credit committee which meets at least every two months and is responsible for approving credit control policy and decisioning strategy.

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

The loans offered by the company are short-term, typically a contractual period of around a year, with an average value of around £500. The loans are underwritten in the home by an agent with emphasis placed on any previous lending experience with the customer and the agent's assessment of the credit risk based on a completed application form and the home visit. Once a loan has been made, the agent visits the customer weekly to collect the weekly payment. The agent is well placed to identify signs of strain on a customer's income and can moderate lending accordingly. Equally, the regular contact and professional relationship that the agent has with the customer allows them to manage customers' repayments effectively even when the household budget is tight. This can be in the form of taking part-payments, allowing missed payments or occasionally restructuring the debt in order to maximise cash collections.

Agents are almost entirely paid commission for what they collect and not for what they lend, so their primary focus is on ensuring loans are affordable at the point of issue and then on collecting cash. Affordability is reassessed by the agent each time an existing customer is re-served, or not as the case may be. This normally takes place within 12 months of the previous loan because of the short-term nature of the product.

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

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk
Liquidity risk is the risk that the company 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 to meet forecast borrowing requirements, including contractual maturities, at all times for at least the following 12 months. As at 31 December 2013, the group's committed borrowing facilities had a weighted average maturity of 3.2 years (2012: 3.7 years) and the headroom on these committed facilities amounted to £235.2m (2012: £191.9m).

The group is less exposed than other mainstream lenders to liquidity risk as the loans issued by the Consumer Credit Division, the group's largest business, 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.

(c) 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 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 2013 and 2012 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.

(d) 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 nor the group does so.

(e) 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.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL STATEMENTS

1 Revenue

	2013	2012
	£m	£m
Interest income	99.8	108.8

2 Finance costs

	2013	2012
	£m	£m
Interest payable to ultimate parent undertakings	5.5	7.3

3 Profit before taxation

	2013	2012
	£m	£m
Profit before taxation is stated after charging:		
Employment costs, prior to exceptional redundancy costs (note 7(b))	3.2	5.0
Exceptional redundancy costs (note 7(b))	0.7	-
Impairment of amounts receivable from customers (note 9)	52.1	53.4

An exceptional cost of £0.9m has been incurred in 2013 relating to the cost of a business restructuring within the company, including redundancy costs of £0.7m associated with a headcount reduction of 20 employees.

Auditor's remuneration payable to Deloitte LLP in respect of the audit of the company's financial statements totalled £26,000 (2012: £25,000). There were no non-audit fees paid in 2013 (2012: £nil).

4 Tax charge

		2013	2012
Tax charge in the income statement		£m	£m
Current tax	- current year	(1.6)	(1.8)
Total tax charge		(1.6)	(1.8)

The standard rate of UK corporation tax reduced from 24% to 23% with effect from 1 April 2013. Further rate changes were enacted in Finance Act 2013 which will further reduce the rate to 21% from 1 April 2014, and from 21% to 20% with effect from 1 April 2015.

As a result of the change in UK corporation tax rates, deferred tax balances have been re-measured at 20% on the basis that the temporary differences on which the deferred tax balances have been recalculated are expected to reverse after 1 April 2015 (2012: measured at 23%).

4 Tax charge (continued)

The rate of tax charge on the profit before taxation for the year is in line with (2012: in line with) the average standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). This can be reconciled as follows:

	2013	2012
	£m	£m
Profit before taxation	7.0	7.4
Profit before taxation multiplied by the average standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(1.6)	(1.8)
Total tax charge	(1.6)	(1.8)

5 Dividends

	2013	2012
	£m	£m
2013 interim - £442.20 per share	15.0	-
Dividends paid	15.0	-

6 Directors' remuneration

The emoluments of the directors, excluding C D Gillespie, to the date of his resignation, are paid by the parent company, Provident Financial Management Services Limited, and recharged to the company as part of a management charge. This management charge 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 relating to each director's emoluments. The emoluments of these directors are disclosed in the financial statements of Provident Financial Management Services Limited.

The emoluments of C D Gillespie, to the date of his resignation, were paid by the ultimate parent company, Provident Financial plc, and recharged to Provident Financial Management Services Limited. These are included in the aggregate of directors' emoluments disclosed in the financial statements ofProvident Financial plc.

During the year seven directors exercised share options/awards under share incentive schemes (2012: six).

7 Employee information

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

	2013 Number	2012 Number
Operations	88	113
Analysed as:		
Full time	88	113

(b) Employment costs – all employees

	2013 £m	2012 £m
Aggregate gross wages and salaries paid to the company's employees	2.4	3.8
Employer's National Insurance contributions	0.3	0.4
Pension charge (note 12)	0.5	0.8
Total employment costs prior to exceptional redundancy costs	3.2	5.0
Exceptional redundancy costs	0.7	-
Total	3.9	5.0

All the above employee information excludes directors, whose remuneration is paid by Provident Financial Management Services Limited. These costs are recharged to the company at the year end as part of a management charge.

The pension charge comprises contributions to the defined benefit and stakeholder pension plan (see note 12).

8 Property, plant and equipment

	Equipment and vehicles	
	2013 £m	2012 £m
Cost		
At 1 January	0.1	0.3
Disposals	-	(0.1)
Transfer to group undertakings	-	(0.1)
At 31 December	0.1	0.1
Accumulated depreciation		
At 1 January	-	0.1
Disposals	-	(0.1)
Transfer to group undertakings	-	-
At 31 December	-	-
Net book value at 31 December	0.1	0.1
Net book value at 1 January	0.1	0.2

There was no profit or loss achieved on the disposal of property, plant and equipment in 2013 (2012: £nil) representing proceeds received of £nil (2012: £nil) less the net book value of disposals of £nil (2012: £nil).

9 Amounts receivable from customers

	2013			2012		
	Due within one year	Due in more than one year	Total	Due within one year	Due in more than one year	Total
	£m	£m	£m	£m	£m	£m
Amounts receivable from customers	85.3	9.0	94.3	113.3	10.4	123.7

Amounts receivable from customers are held at amortised cost and are equal to the expected future cash flows discounted at the effective interest rate. The average effective interest rate for the year ended 31 December 2013 was 117% (2012: 112%).

The average period to maturity of the amounts receivable from customers is 5.8 months (2012: 5.6 months).

The fair value of amounts receivable from customers is approximately £0.1 billion (2012: £0.2 billion). Fair value has been derived by discounting expected future cash flows (net of collection costs) at the group's weighted average cost of capital at the balance sheet date.

The credit quality of amounts receivable from customers is as follows:

Credit quality of amounts receivable from customers	2013 £m	2012 £m
Neither past due nor impaired	28.4	38.0
Past due but not impaired	15.7	23.3
Impaired	50.2	62.4
Total	94.3	123.7

Past due but not impaired balances relate to loans which are contractually overdue. However, contractually overdue loans are not deemed to be impaired unless the customer has missed two or more cumulative weekly payments in the previous 12-week period since only at this point do the expected future cash flows from loans deteriorate significantly.

The following table sets out the ageing analysis of past due but not impaired balances based on contractual arrears since the inception of the loan:

Ageing analysis of past due but not impaired balances	2013 £m	2012 £m
One week overdue	9.5	15.0
Two weeks overdue	3.2	3.7
Three weeks or more overdue	3.0	4.6
Past due but not impaired	15.7	23.3

Impairment is deducted directly from amounts receivable from customers without the use of an allowance account.

An impairment charge of £52.1m (2012: £53.4m) in respect of amounts receivable from customers is reflected within the operating costs for the year.

GREENWOOD PERSONAL CREDIT LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 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:

				2013
	Loans and receivables	Amortised cost	Non-financial assets/ liabilities	Total
	£m	£m	£m	£m
Assets				
Cash and cash equivalents	2.1	-	-	2.1
Amounts receivable from customers	94.3	-	-	94.3
Trade and other receivables	0.7	-	-	0.7
Property, plant and equipment	-	-	0.1	0.1
Deferred tax assets	-	-	0.1	0.1
Total assets	97.1	-	0.2	97.3
Liabilities				
Bank and other borrowings	(0.1)	-	-	(0.1)
Trade and other payables	-	(84.4)	-	(84.4)
Current tax liabilities	-	-	(1.7)	(1.7)
Total liabilities	(0.1)	(84.4)	(1.7)	(86.2)

				2012
	Loans and receivables	Amortised cost	Non-financial assets/ liabilities	Total
	£m	£m	£m	£m
Assets				
Cash and cash equivalents	2.5	-	-	2.5
Amounts receivable from customers	123.7	-	-	123.7
Trade and other receivables	0.8	-	-	0.8
Property, plant and equipment	-	-	0.1	0.1
Deferred tax assets	-	-	0.1	0.1
Total assets	127.0	-	0.2	127.2
Liabilities				
Trade and other payables	-	(104.7)	-	(104.7)
Current tax liabilities	-	-	(1.8)	(1.8)
Total liabilities	-	(104.7)	(1.8)	(106.5)

11 Trade and other receivables

	2013	2012
Current assets	£m	£m
Other receivables	0.5	0.3
Amounts owed by ultimate parent undertaking	0.2	0.3
Prepayments and accrued income	-	0.2
Total	0.7	0.8

Amounts owed by parent undertaking are unsecured, repayable on demand or within one year 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 (2012: carrying value set out above). There is no collateral held in respect of trade and other receivables (2012: £nil). The fair value of trade and other receivables equates to their book value (2012: fair value equated to book value).

12 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. This 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.

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 2013 these contributions amounted to £0.4m (2012: £0.7m). The expected contributions to the defined benefit pension scheme in the year ending 31 December 2014 are approximately £0.1m.

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 2013, the fair value of the assets exceeded the obligation and hence a net pension asset has been recorded in the group's financial statements.

12 Retirement benefits (continued)

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, this will lead to a deficit. 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 the liabilities will increase, although this will be partly offset by an increase in the assets. As part of the long-term de-risking strategy, the scheme will further increase its portfolio in inflation matched asset; and
- 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.

From 1 January 2013, the group has mandatorily adopted the revised IAS 19, 'Employee benefits'. The effect of the standard is to require companies to change the assumed expected return on scheme assets used in the calculation of the pension charge from equities and bonds to a much more prudent expected rate of return based on high-quality corporate bond rates relevant to the duration of the plan. The retrospective application results in an increase in the pension charge and, therefore, a reduction in earnings with a corresponding adjustment to the actuarial movement on the retirement benefit asset taken through the consolidated statement of comprehensive income. The associated deferred tax charges/credits taken through the income statement and through the consolidated statement of comprehensive income have also been restated. There is, therefore, no balance sheet impact. The adoption of the revised IAS 19 has resulted in the group's prior year comparatives being restated as set out in the following table:

			Group
	2012 (reported) £m	Adjustment £m	2012 (restated) £m
Income statement/statement of comprehensive income			
Retirement benefit charge before exceptional curtailment credit	(4.2)	(2.7)	(6.9)
Exceptional curtailment credit	17.7	-	17.7
Retirement benefit credit	13.5	(2.7)	10.8
Actuarial movements on retirement benefit asset	(14.1)	2.7	(11.4)
Balance sheet			
Retirement benefit asset	23.0	-	23.0
Deferred tax assets	6.1	-	6.1

12 Retirement benefits (continued)

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

	Group			
	2013		2012	
	£m	%	£m	%
Equities	237.4	39	249.2	44
Corporate bonds	156.7	25	187.4	33
Index-linked gilts	145.2	24	103.9	18
Cash and money market funds	74.5	12	30.2	5
Total fair value of scheme assets	613.8	100	570.7	100
Present value of funded defined benefit obligations	(584.6)		(547.7)	
Net retirement benefit asset recognised in the balance sheet	29.2		23.0	

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

	Group	
	2013	2012 (restated)
	£m	£m
Fair value of scheme assets at 1 January	570.7	525.0
Interest on scheme assets	25.6	25.6
Actuarial movement on scheme assets	20.1	25.3
Contributions by the group	14.5	10.1
Net benefits paid out	(17.1)	(15.3)
Fair value of scheme assets at 31 December	613.8	570.7

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

	Group	
	2013	2012 (restated)
	£m	£m
Present value of the defined benefit obligation as 1 January	(547.7)	(511.5)
Current service cost	(7.1)	(7.6)
Interest on scheme liabilities	(24.5)	(24.9)
Exceptional curtailment credit	1.6	17.7
Actuarial movement on scheme liabilities	(24.0)	(36.7)
Net benefits paid out	17.1	15.3
Present value of defined benefit obligation at 31 December	(584.6)	(547.7)

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

	Group	
	2013	2012
	%	%
Price inflation - RPI	3.40	3.00
Price inflation - CPI	2.40	2.25
Rate of increase to pensions in payment	3.10	2.80
Inflationary increase to pensions in deferment	2.40	2.25
Discount rate	4.40	4.50

12 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 (typically ranging between 3.0% and 8.0%). The pension charge in the income statement of £0.5m (2012: £0.8m) represents contributions payable by the company in respect of the plan and amounted to £0.1m for the year ended 31 December 2013 (2012: £0.1m). No contributions were payable to the fund at the year end (2012: £nil).

The company made no contributions to personal pension plans in the year (2012: £nil).

13 Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method. As a result of the change in UK corporation tax rates, deferred tax balances have been re-measured. Deferred tax relating to temporary differences which are expected to reverse prior to 1 April 2014 have been measured at a tax rate of 23%, deferred tax relating to temporary differences expected to reverse between 1 April 2014 and 1 April 2015 have been measured at a tax rate of 21% and those expected to reverse after 1 April 2015 have been measured at 20% being the tax rates which will apply on reversal.

Deferred tax assets have been recognised in respect of accelerated capital allowances and other temporary timing differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

As at 31 December 2013, the company has a deferred tax asset of £0.1m (2012:£0.1m) held in respect of accelerated capital allowances and other temporary timing differences. There has been no movement during the year (2012: no movement).

14 Cash and cash equivalents

	2013	2012
	£m	£m
Cash at bank and in hand	2.1	2.5

15 Bank and other borrowings

Borrowing facilities principally comprise overdrafts which are repayable on demand.

As at 31 December 2013, borrowings amounted to £0.1m (2012: £nil).

16 Trade and other payables

Current liabilities	2013 £m	2012 £m
Trade payables	0.2	0.2
Amounts owed to ultimate parent undertaking	69.8	86.3
Amounts owed to parent undertaking	7.7	10.0
Amounts owed to fellow subsidiary undertakings	5.5	7.2
Other payables including taxation and social security	0.2	0.2
Accruals	1.0	0.8
Total	84.4	104.7

The fair value of trade and other payables equates to their book value (2012: fair value equated to book value). The amounts owed to ultimate parent, parent and fellow subsidiary undertakings are unsecured, due for repayment in less than one year and generally accrue interest at rates linked to LIBOR.

17 Share capital

	2013		2012	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
Ordinary shares of 50p each - £m	0.0	0.0	0.0	0.0
- number (000s)	33.9	33.9	33.9	33.9

There are no shares issued and not fully paid at the end of the year (2012: no shares).

18 Share-based payments

Provident Financial plc operates four share schemes: the Long Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (ESOS/SESO) and the Performance Share Plan (PSP) where shares in the parent company are available to the employees of the company. During 2013, options have been granted under the SAYE schemes only (2012: options granted under the SAYE scheme only). The charge to the income statement during the year was £nil (2012: £nil) based on the options granted to the company's employees. The assumptions to consider the appropriate fair values of options are outlined below:

	2013 SAYE	2012 SAYE
Grant date	23-Aug-13	28-Sep-12
Share price at grant date (£)	17.15	13.75
Exercise price (£)	13.05	10.56
Shares under option	4,150	7,290
Vesting period (years)	3 and 5	3 and 5
Expected volatility	23.7% to 27.2%	24.3% to 30.9%
Option life (years)	Up to 5	Up to 5
Expected life (years)	Up to 5	Up to 5
Risk-free rate	0.88% to 1.64%	0.30% to 0.69%
Expected dividends expressed as a dividend yield	5.0%	5.8%
Fair value per award/option (£)	3.37 to 3.72	2.18 to 2.51

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.

18 Share-based payments (continued)

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

	SAYE	
2013	Number	Weighted average exercise price £
Outstanding at 1 January	29,361	8.06
Granted	4,150	13.05
Lapsed	(5,976)	8.69
Exercised	(11,242)	6.53
Transferred	326	-
Outstanding at 31 December	16,619	10.10
Exercisable at 31 December	462	7.04

	SAYE	
2012	Number	Weighted average exercise price £
Outstanding at 1 January	41,595	6.95
Granted	7,290	10.56
Lapsed	(1,169)	7.79
Exercised	(10,202)	6.20
Transferred	(8,153)	-
Outstanding at 31 December	29,361	8.06
Exercisable at 31 December	1,325	6.56

Share options outstanding under the SAYE schemes at 31 December 2013 had a range of exercise prices 662p to 1,305p (2012: 491p to 1,056p) and a weighted average remaining contractual life of 1.9 years (2012: 2.0 years).

There were no share options outstanding under the ESOS/SESO, PSP or LTIS schemes at 31 December 2013.

19 Commitments

The company had no commitments with third parties at 31 December 2013 (2012: £nil).

20 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 2013 are set out below:

	2013			2012		
	Management recharge	Interest charge	Outstanding balance	Management recharge	Interest charge	Outstanding balance
	£m	£m	£m	£m	£m	£m
Ultimate parent undertaking	-	5.5	(69.6)	-	7.3	(86.0)
Immediate parent undertaking	10.1	-	(7.7)	11.8	-	(10.0)
Other group undertakings	5.1	-	(5.5)	5.8	-	(7.2)
Total	15.2	5.5	(82.8)	17.6	7.3	(103.2)

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

21 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 £1,101.0m (2012: £1,076.7m). At 31 December 2013, the borrowings amounted to £844.3m (2012: £871.4m). No loss is expected to arise.

22 Reconciliation of profit after taxation to cash generated from operations

	Note	2013 £m	2012 £m
Profit after taxation		5.4	5.6
Adjusted for:			
- tax charge	4	1.6	1.8
- finance costs	2	5.5	7.3
Changes in operating assets and liabilities:			
- amounts receivable from customers		29.4	6.9
- trade and other receivables		0.1	0.8
- trade and other payables		(22.0)	(15.5)
Cash generated from operations		20.0	6.9

23 Parent undertaking and controlling party

The immediate parent undertaking is Provident Financial Management Services Limited.

The ultimate parent undertaking and controlling party is Provident Financial plc, 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.