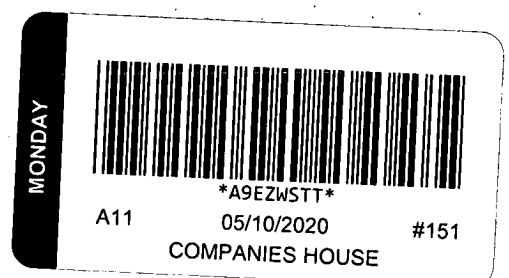


PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019



CONTENTS

	<u>Page</u>
Directors' report	1
Statement of directors' responsibilities	3
Independent auditor's report	4
Statement of comprehensive income	7
Balance sheet	7
Statement of changes in shareholders' equity	8
Statement of cash flows	8
Statement of accounting policies	9
Financial and capital risk management report	11
Notes to the financial statements	13

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)

DIRECTORS' REPORT

Provident Investments 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 was to provide finance and loans through private placement loan notes to Provident Financial plc and its subsidiary companies. The loans were repaid in 2014. The company generates income on the intercompany loan issued to its parent undertaking, Provident Financial plc

Results, review of business and going concern

The income statement for the year is set out on page 7. The profit for the year of £1,000 (2018: £nil) has been added to reserves.

The directors expect that the business will continue in existence for a period of at least twelve months from the date of approval of the financial statements and the company will 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.

Exemption from preparing a strategic report

In accordance with section 414B of the Companies Act 2006, the company has taken advantage of the exemption for small companies from preparing a strategic report.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: £nil).

Directors

The directors of the company at 31 December 2019 and up to the date of signing of this report, except where stated, were:

K J Mullen (resigned 26 April 2019)
S G Thomas (resigned 31 March 2020)
C Davies (appointed 26 April 2019)
N Kapur (appointed 01 April 2020)

Principal risks and uncertainties and financial risk management

The company participates in the group-wide 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 and financial statements of Provident Financial plc. Details of group's response to the changing and challenging operational environment as a result of Covid-19 are set out within the financial and capital risk management report on page 12.

Post balance sheet events

Post balance sheet events have been disclosed in note 13 of the accounts.

Key performance indicators (KPIs)

The company solely operated to provide finance to fund the group. All loan notes were repaid in 2014. For this reason, the company's directors believe that analysis using key performance indicators for the statutory company is not necessary or appropriate for an understanding of the development, performance or position of the company. The development, performance and position of the group as a whole, including the company, is set out in the annual report and financial statements of Provident Financial plc.

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)

DIRECTOR'S REPORT (CONTINUED)

Employee involvement

The company does not have any employees.

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



C Davies
Director
Bradford
22 September 2020

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)

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 (IFRSs) 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PROVIDENT INVESTMENTS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Provident Investments Limited, the 'company':

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in shareholders equity;
- the statement of cash flow;
- the statement of accounting policies;
- the financial and capital risk management report; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PROVIDENT INVESTMENTS LIMITED
(CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PROVIDENT INVESTMENTS LIMITED
(CONTINUED)

Use of our report

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.

Stewart Cumberbatch FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
22 September 2020

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2019 £'000	2018 £'000
Revenue	1	3	2
Administrative costs		(2)	(2)
Profit before taxation	2	1	-
Tax charge	3	-	-
Profit and total comprehensive income for the year		1	-

All of the above operations relate to continuing operations.

BALANCE SHEET

As at 31 December	Note	2019 £'000	2018 £'000
ASSETS			
Non-current assets			
Deferred tax	6	2	4
Current assets			
Financial assets:			
- cash and cash equivalents	7	1	1
- trade and other receivables	5	370	367
Current tax assets		2	2
		373	370
Total assets		375	374
LIABILITIES			
Current liabilities			
Financial liabilities:			
- trade and other payables	8	(2)	(2)
Total liabilities		(2)	(2)
NET ASSETS		373	372
SHAREHOLDERS' EQUITY			
Share capital	9	50	50
Retained earnings		323	322
TOTAL SHAREHOLDERS' EQUITY		373	372

The financial statements on pages 7 to 16 were approved and authorised for issue by the board of directors on 22 September 2020 and signed on its behalf by:



C Davies
Director

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2018	50	322	372
Profit and total comprehensive income for the year	-	-	-
At 31 December 2018	50	322	372
At 1 January 2019	50	322	372
Profit and total comprehensive income for the year	-	1	1
At 31 December 2019	50	323	373

STATEMENT OF CASH FLOWS

There have been no changes to the company's cash and cash equivalents in 2019 and 2018. A statement of cash flows is therefore not presented.

PROVIDENT INVESTMENTS LIMITED

Company Number 04541509)

STATEMENT OF ACCOUNTING POLICIES

General information

The company is a limited liability company, limited by shares and incorporated and domiciled in England. The address of its registered office is No.1 Godwin Street, Bradford, West Yorkshire, BD1 2SU.

The principal activity of the company is to provide finance and loans to Provident Financial plc and its subsidiary companies.

Basis of preparation

The financial statements are prepared in accordance with IFRSs adopted for use in the European Union (EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention. 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 financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates.

Going Concern

In assessing whether the Company is a going concern, the directors have considered the ability of the Group to continue as a going concern due to the intercompany funding provided to the ultimate parent company Provident Financial plc. The directors of the Group have reviewed the latest budgets, as approved in July 2020, which includes capital and liquidity forecasts, on detailed projections for 2020 and 2021. This assessment has included consideration of the Group's principal risks and uncertainties, including that of Covid-19, and the likelihood of these risks materialising into losses.

Given the uncertain outlook as a result of Covid-19, additional stress testing has been performed through modelling a range of macro-economic scenarios. This initially assumes a severe but plausible downturn, with 'severe' being defined consistently with the Group's IFRS 9 'severe' macro-economic weighting. This assumes that unemployment in the UK reaches a peak unemployment rate of 14%. Further, more severe, scenarios have been modelled which would need to materialise to prevent the directors from adopting the going concern assumption. These scenarios are considered to be sufficiently remote to impact on the going concern assumption. The projections do not assume any further refinancing, or government support, and the Group's revised TCR has been assumed in all scenarios modelled.

Based on this review, the directors are satisfied that the group has the required resources to continue in business for a period of at least twelve months following the approval of the Company accounts. For this reason, the directors continue to adopt the going concern basis in preparing the Company accounts.

Principal accounting policies

The company's principal accounting policies under IFRSs, which have been consistently applied to all the years presented.

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2019 that have had a material impact on the company.

There are no IFRS 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 from the parent company on intercompany loans.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

PROVIDENT INVESTMENTS LIMITED
Company Number 04541509)
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.

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 substantively 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 substantively 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, 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 profit 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.

Key assumptions and estimates

In applying the accounting policies set out above, there are no significant estimates or assumptions that affect the reported amounts of assets and liabilities.

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)

FINANCIAL AND CAPITAL RISK MANAGEMENT REPORT

Provident Investments 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 and financial statements 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.

The company's activities expose it to credit, liquidity and capital risk. These risks are monitored and managed through a centralised treasury function on a group basis. The objective of the group's risk management framework is to identify and assess the risks facing the group and to minimise the potential adverse effects of these risks on the group's financial performance.

Financial and capital risk management is overseen by the group treasury committee and further detail on the group's risk management framework is described in the annual report and financial statements of Provident Financial plc.

(a) Credit risk

Credit risk is the risk that the company will suffer loss in the event of a default by a bank counterparty. A default occurs when the bank fails to honour repayments as they fall due. The company's maximum exposure to credit risk on bank counterparties as at 31 December 2019 was £1,000 (2018: £1,000).

Counterparty credit risk arises as a result of cash deposits placed with banks and the use of derivative financial instruments with banks and other financial institutions which are used to hedge interest rate risk and foreign exchange rate risk. Counterparty credit risk is managed by the group's treasury committee and is governed by a board approved counterparty policy which ensures that the group's cash deposits and derivative financial instruments are only made with high quality counterparties with the level of permitted exposure to a counterparty firmly linked to the strength of its credit rating. This is linked to the group's regulatory capital base in line with the group's regulatory reporting requirements on large exposures to the Prudential Regulation Authority (PRA).

(b) Liquidity risk

Liquidity risk is the risk that the company will have insufficient liquid resources available to fulfil its operational plans and/or 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 2019, the group's committed borrowing facilities had a weighted average maturity of 2.2 years (2018: 2.3 years) and the headroom on these committed facilities amounted to £69.1m (2018: £327.4m).

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

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)
FINANCIAL AND CAPITAL RISK MANAGEMENT REPORT (CONTINUED)

(b) Liquidity risk (continued)

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 and financial statements of Provident Financial plc.

(c) Capital risk

Capital risk is managed by the group's centralised treasury department. The group manages capital risk by focusing on capital efficiency and effective risk management. This aims to maintain sufficient, but not excessive, financial strength and optimise the debt to equity structure of the group. A more detailed explanation of the management of capital risk can be found in the annual report and financial statements of Provident Financial plc.

(d) Covid-19

The Group Board, directors and management have focused on the Group's principal risks throughout the first half in response to the changing and challenging operational environment as a result of Covid 19. This was essential to ensure the principal risks were appropriately managed and further mitigated where possible. The response through the first half, and planned approach for the remainder of the 2020 financial year, are:

Capital risk

The 2019 final dividend was not proposed for approval at the Group's AGM in May to preserve both cash and capital. Future dividend decisions will be made as and when conditions normalise.

A reduction in customer receivables, combined with tighter underwriting impairment provisioning has increased surplus capital held. When combined with the reduction in countercyclical buffer and increased dynamic provisions, through relief for Covid-19 related provisions, the Group's surplus regulatory capital has increased from £117m at 31 December 2019 to £215.0m at 30 June 2020.

Liquidity and funding risk

The Group was able to raise additional liquidity rapidly through April and May resulting in headroom on committed facilities and surplus cash and liquid resources increasing to approximately £1.2bn in May to mitigate risk of operational disruption and utilisation of undrawn credit facilities in Vanquis Bank. £1bn of surplus liquidity continues to be held to mitigate against any ongoing risk.

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)

1 Revenue

	2019 £'000	2018 £'000
Interest income from parent undertaking	3	2

2 Profit before taxation

Profit before taxation is stated after charging:

	2019 £'000	2018 £'000
Auditor's remuneration: - fees payable to the company's auditor for the audit of the financial statements	2	2

The company has no employees. The emoluments of the directors for services to the company during 2019 were £nil (2018: £nil). The emoluments of the directors are borne by another subsidiary and it is not possible to make an accurate allocation in relation to these services to the company.

3 Tax charge

	2019 £'000	2018 £'000
Tax charge in the income statement		
Current tax	(2)	(2)
Deferred tax (note 6)	2	2
Total tax credit	-	-

The standard rate of UK corporation tax reduced from 20% to 19% with effect from 1 April 2017.

The rate of tax credited on the loss before taxation for the year is in line with (2018: in line with) the average standard rate of corporation tax in the UK of 19% (2018: 19%).

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 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 IFRS 9. Assets and liabilities outside the scope of IFRS 9 are shown within non-financial assets/liabilities:

	2019		
	Amortised cost £'000	Non-financial assets/ liabilities £'000	Total £'000
Assets			
Cash and cash equivalents	1	-	1
Trade and other receivables	370	-	370
Current tax assets	-	2	2
Deferred tax assets	-	2	2
Total assets	371	4	375
Liabilities			
Trade and other payables	(2)	-	(2)
Total liabilities	(2)	-	(2)

	2018		
	Amortised cost £'000	Non-financial assets/ liabilities £'000	Total £'000
Assets			
Cash and cash equivalents	1	-	1
Trade and other receivables	367	-	367
Current tax assets	-	2	2
Deferred tax assets	-	4	4
Total assets	368	6	374
Liabilities			
Trade and other payables	(2)	-	(2)
Total liabilities	(2)	-	(2)

5 Trade and other receivables

	2019 £'000	2018 £'000
Current assets		
Amounts owed by parent undertaking	368	365
Amounts owed by fellow subsidiary undertakings	2	2
Total	370	367

There are no amounts past due in respect of trade and other receivables due in less than one year (2018: £nil).

Amounts owed by the parent and fellow subsidiary undertakings are unsecured, repayable on demand and generally accrue interest at rates linked to the Bank of England base rate.

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method. During 2015, reductions in corporation tax rates were enacted, reducing the corporation tax rate from 20% to 19% with effect from 1 April 2017 and from 19% to 18% with effect from 1 April 2020. During 2016, a further change was enacted which further reduced the corporation tax rate from 18% to 17% with effect from 1 April 2020. Deferred tax balances at 31 December 2019 have been measured at 17% (2018: 17%) on the basis that the temporary differences on which the deferred tax has been calculated are expected to reverse after 1 April 2020 (2018: 1 April 2020). In 2019, movements in the deferred tax balances have been measured at the statutory corporation tax rate for the year of 19% (2018: 19%). A tax charge in 2019 of £nil (2018: £nil) represents the income statement adjustment to deferred tax as a result of these changes.

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

	2019	2018
Asset	£'000	£'000
At 1 January	4	6
Charge to the income statement (note 3)	(2)	(2)
At 31 December	2	4

Since the year end it has been announced that the mainstream rate of corporation tax in the UK will not reduce to 17% with effect from 1 April 2020 and will instead remain at 19%.

7 Cash and cash equivalents

	2019	2018
	£'000	£'000
Cash at bank and in hand	1	1

All amounts above are denoted in sterling.

Cash and cash equivalents are non-interest bearing (2018: non-interest bearing).

8 Trade and other payables

	2019	2018
	£'000	£'000
Current liabilities		
Other payables	2	2

9 Share capital

	2019	2018
Issued and fully paid		
Ordinary shares of £1 each	- £'000	50
	- number ('000)	50

There are no shares issued and not fully paid at the end of the year (2018: no shares).

PROVIDENT INVESTMENTS LIMITED
(Company Number 04541509)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Related party transactions

Details of the transactions between the company and its parent and fellow subsidiary undertakings, which comprise interest charges or credits on intra-group balances, along with any balances outstanding at 31 December are set out below:

	Interest credit		Outstanding balance	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Interest income from parent undertaking	3	2	-	-
Outstanding receivable from parent undertaking	-	-	368	365
Outstanding receivable from fellow subsidiary undertakings	-	-	2	2

11 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 £200.2m (2018: £242.7m). At 31 December 2019, the borrowings amounted to £200.2m (2018: £242.7m). No loss is expected to arise.

12 Parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Provident Financial plc, which is the smallest and largest group to consolidate these financial statements. Copies of that company's consolidated financial statements may be obtained from the Company Secretary, Provident Financial plc, No.1 Godwin Street, Bradford, BD1 2SU, and are also publicly available.

13 Post balance sheet events

Covid -19

For January, February and the first three weeks of March, the Group made good progress against many of its key objectives and Key Performance Indicators (KPIs) were tracking in line, if not marginally ahead, of those seen in 2019. Then, from the 23 March 2020, the UK Government ordered that all non-essential travel and activities should cease immediately because of the threat posed by Covid-19. This meant that each of the Group's businesses had to adapt rapidly and introduce new ways of working. The response was swift and effective, enabling the Group to continue to support customers whilst ensuring the safety of colleagues.

Covid-19 has not had a significant impact on the Company.

Change in corporation tax rate

In 2016 a change in the UK mainstream rate of corporation tax was enacted reducing the rate to 17% with effect from 1 April 2020. Subsequently, at the March 2020 Budget it was announced that this reduction to 17% would no longer take place, and the mainstream rate of corporation tax would be maintained at 19%.

As the 17% rate of mainstream corporation tax was the enacted rate at the reporting date, the 17% rate has been applied in calculating the deferred taxation balances reflected in the accounts. The cancellation of the rate reduction resulted in the company's deferred tax asset was not significant.