

Company Registration No. 717607 (England and Wales)

TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 2000



TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

COMPANY INFORMATION

Directors

L R J Portnoi
D R Arnold LLB (Hons) (Appointed 1 September 1999)
R M Abbey BA (Hons) (Appointed 14 October 1999)
N Bruce Copp (Appointed 14 October 1999)
S Goldsmith ACA (Appointed 1 September 1999)

Secretary

S Goldsmith ACA

Company number

717607

Registered office

Russell House, 140 High Street
Edgware
Middlesex
HA8 7EG

Auditors

Gordon Leighton
50 Queen Anne Street
London
W1G 9HQ

Business address

Russell House, 140 High Street
Edgware
Middlesex
HA8 7EG

Bankers

Barclays Bank plc
Head Office Branch, 54 Lombard Street
London
EC3V 9EX

TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

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TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2000

The directors present their report and financial statements for the period ended 31 July 2000.

Principal activities and review of the business

The principal activity of the company continued to be that of the provision of management, consultancy and valuation services.

The company changed its name from Cheviot Freeholds Limited to TEP Management Services Limited on 1 September 1999.

Results and dividends

The results for the period are set out on page 4.

Future developments

The directors anticipate that the market for portfolio valuations will continue to grow and that the company's performance will reflect this.

Directors

The following directors have held office since 1 September 1999:

L R J Portnoi	
D R Arnold LLB (Hons)	(Appointed 1 September 1999)
R M Abbey BA (Hons)	(Appointed 14 October 1999)
N Bruce Copp	(Appointed 14 October 1999)
R A Ross	(Resigned 1 September 1999)
Mrs T Rosenbaum	(Resigned 1 September 1999)
S Goldsmith ACA	(Appointed 1 September 1999)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 July 2000	1 September 1999
L R J Portnoi	-	-
D R Arnold LLB (Hons)	-	-
R M Abbey BA (Hons)	-	-
N Bruce Copp	-	-
S Goldsmith ACA	-	-

Auditors

Gordon Leighton were appointed auditors to the company in place of Arram Berlyn Gardner and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2000**

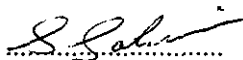
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

On behalf of the board



S Goldsmith ACA

Director

24th November 2000

TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

AUDITORS' REPORT

TO THE SHAREHOLDERS OF TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Gordon Leighton

24/11/00

**Chartered Accountants
Registered Auditor**

50 Queen Anne Street
London
W1G 9HQ

TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 JULY 2000**

		Period ended 31 July 2000 £	Period ended 31 August 1999 £
	Notes		
Turnover	2	324,475	20,000
Administrative expenses		(3,369)	(19,932)
Operating profit	3	321,106	68
Interest payable and similar charges	4	(2)	-
Profit on ordinary activities before taxation		321,104	68
Tax on profit on ordinary activities	5	(87,150)	(14)
Profit on ordinary activities after taxation	10	233,954	54

The profit and loss account has been prepared on the basis that all operations are continuing operations.

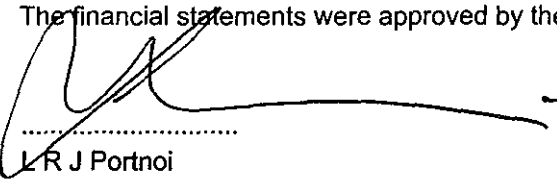
There are no recognised gains and losses other than those passing through the profit and loss account.

TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

**BALANCE SHEET
AS AT 31 JULY 2000**

	Notes	2000 £	£	1999 £	£
Current assets					
Debtors	6	322,315		750	
Cash at bank and in hand		-		321	
		<u>322,315</u>		<u>1,071</u>	
Creditors: amounts falling due within one year	7	<u>(88,306)</u>		<u>(1,017)</u>	
Total assets less current liabilities			<u>234,009</u>		<u>54</u>
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	10		<u>233,909</u>		<u>(46)</u>
Shareholders' funds - equity interests	11		<u>234,009</u>		<u>54</u>

The financial statements were approved by the Board on 24th November 2000.


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L R J Portnoi
Director

TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2000**

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents fees and commissions earned.

1.3 Pensions

The company operated a defined contribution pension scheme in which the assets of the scheme were held separately from those of the company in an independently administered fund.

1.4 Comparative figures

The comparative figures relate to the five month period ended 31 August 1999. The current accounting period is for eleven months to 31 July 2000 to bring the company into line with group accounting requirements.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2000	1999
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	881	250
	<u> </u>	<u> </u>
4 Interest payable	2000	1999
	£	£
On bank loans and overdrafts	2	-
	<u> </u>	<u> </u>
5 Taxation	2000	1999
	£	£
U.K. current year taxation		
U.K. corporation tax at 27% (1999 - 20%)	87,150	14
	<u> </u>	<u> </u>
6 Debtors	2000	1999
	£	£
Trade debtors	315	-
Amounts owed by parent and fellow subsidiary undertakings	304,946	-
Other debtors	-	750
Prepayments and accrued income	17,054	-
	<u> </u>	<u> </u>
	322,315	750
	<u> </u>	<u> </u>

TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2000**

7 Creditors: amounts falling due within one year	2000	1999
	£	£
Corporation tax	87,150	-
Other creditors	-	1,017
Accruals and deferred income	1,156	-
	<u>88,306</u>	<u>1,017</u>

8 Pension costs

Contributions to the company's defined contribution pension scheme in the year was £nil (1999 £100).

9 Share capital	2000	1999
	£	£
Authorised		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 1999	(45)
Retained profit for the period	<u>233,954</u>
Balance at 31 July 2000	<u>233,909</u>

11 Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Profit for the financial period	233,954	54
Opening shareholders' funds	<u>54</u>	<u>-</u>
Closing shareholders' funds	<u>234,009</u>	<u>54</u>

12 Contingent liabilities

The company has a cross-guarantee with its parent, TIS Group Plc, over the banking facilities provided by Barclays Bank Plc.

TEP MANAGEMENT SERVICES LIMITED (FORMERLY CHEVIOT FREEHOLDS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2000**

13 Directors' emoluments	2000	1999
	£	£
Emoluments for qualifying services	-	17,750
Company pension contributions to money purchase schemes	-	100
	<u>-</u>	<u>17,850</u>

14 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2000	1999
	Number	Number
Administration	<u>5</u>	<u>3</u>

Employment costs

	£	£
Wages and salaries	-	17,750
Social security costs	-	1,799
Other pension costs	-	100
	<u>-</u>	<u>19,649</u>

15 Control

The ultimate parent company is TIS Group Plc, a company incorporated in England and Wales.

16 Related party transactions

At 31 July 2000 an amount of £304,946 was owed to the company by its parent, TIS Group Plc. There was no trading between the two companies during the period covered by these accounts.