

Company Registration No. 717607 (England and Wales)

TEP MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2001



TEP MANAGEMENT SERVICES LIMITED

COMPANY INFORMATION

Directors

L R J Portnoi
D R Arnold LLB (Hons)
R M Abbey BA (Hons)
N Bruce Copp
S Goldsmith ACA

Secretary

S Goldsmith ACA

Company number

717607

Registered office

TIS House, Spring Villa Park
Edgware
Middlesex
HA8 7EG

Auditors

Gordon Leighton
50 Queen Anne Street
London
W1G 9HQ

Business address

TIS House, Spring Villa Park
Edgware
Middlesex
HA8 7EG

Bankers

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

TEP MANAGEMENT SERVICES LIMITED

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TEP MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2001

The directors present their report and financial statements for the year ended 31 July 2001.

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.

Results and dividends

The results for the year 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 August 2000:

L R J Portnoi
D R Arnold LLB (Hons)
R M Abbey BA (Hons)
N Bruce Copp
S Goldsmith ACA

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 July 2001	1 August 2000
L R J Portnoi	-	-
D R Arnold LLB (Hons)	-	-
R M Abbey BA (Hons)	-	-
N Bruce Copp	-	-
S Goldsmith ACA	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gordon Leighton be reappointed as auditors of the company will be put to the Annual General Meeting.

TEP MANAGEMENT SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2001**

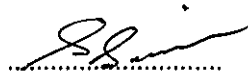
Directors' responsibilities

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

21.12.01

TEP MANAGEMENT SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF TEP MANAGEMENT SERVICES LIMITED**

We have audited the financial statements of TEP Management Services Limited on pages 4 to 8 for the year ended 31 July 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

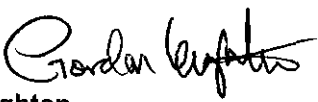
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Gordon Leighton

Chartered Accountants
Registered Auditor

21/12/2001
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50 Queen Anne Street
London
W1G 9HQ

TEP MANAGEMENT SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2001**

	Notes	2001 £	2000 £
Turnover	2	310,654	324,475
Administrative expenses		(13,610)	(3,369)
Operating profit	3	297,044	321,106
Other interest receivable and similar income		50	-
Interest payable and similar charges	4	-	(2)
Profit on ordinary activities before taxation		297,094	321,104
Tax on profit on ordinary activities	5	(84,056)	(87,150)
Profit on ordinary activities after taxation	9	213,038	233,954

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

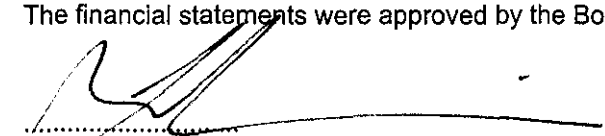
There are no recognised gains and losses other than those passing through the profit and loss account.

TEP MANAGEMENT SERVICES LIMITED

BALANCE SHEET
AS AT 31 JULY 2001

	Notes	2001 £	£	2000 £	£
Current assets					
Debtors	6	532,714		322,315	
Creditors: amounts falling due within one year	7	<u>(85,666)</u>		<u>(88,306)</u>	
Total assets less current liabilities			<u>447,048</u>		<u>234,009</u>
Capital and reserves					
Called up share capital	8		100		100
Profit and loss account	9		<u>446,948</u>		<u>233,909</u>
Shareholders' funds - equity interests	10		<u>447,048</u>		<u>234,009</u>

The financial statements were approved by the Board on 21st DECEMBER 2001.


L R J Portnoi
Director

TEP MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2001**

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.

2 Turnover

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

3 Operating profit	2001	2000
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	950	881

4 Interest payable	2001	2000
	£	£
On bank loans and overdrafts	-	2

5 Taxation	2001	2000
	£	£
Domestic current year taxation		
U.K. corporation tax	84,056	87,150

6 Debtors	2001	2000
	£	£
Trade debtors	-	315
Amounts owed by parent and fellow subsidiary undertakings	513,933	304,946
Prepayments and accrued income	18,781	17,054
	532,714	322,315

7 Creditors: amounts falling due within one year	2001	2000
	£	£
Corporation tax	84,056	87,150
Accruals and deferred income	1,610	1,156
	85,666	88,306

TEP MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2001**

8 Share capital	2001	2000
	£	£
Authorised		
100 Ordinary shares of £ 1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	100	100

9 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 August 2000	233,910
Retained profit for the year	213,038
Balance at 31 July 2001	446,948

10 Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Profit for the financial year	213,038	233,954
Opening shareholders' funds	234,009	55
Closing shareholders' funds	447,048	234,009

11 Contingent liabilities

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

12 Employees

Number of employees

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

	2001	2000
	Number	Number
Administration	5	5

13 Control

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2001

14 Related party transactions

At 31 July 2001 an amount of £513,933 (2000 £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.

The company has received net commissions of £1,970 from The Protected Asset TEP Fund Plc, a company in which the parent company, TIS Group Plc, has a material interest.