

TEP MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2002



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 D Rosenbaum (Appointed 28 September 2001) 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

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 8

TEP MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2002

The directors present their report and financial statements for the year ended 31 July 2002.

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 2001:

L R J Portnoi
D R Arnold LLB (Hons)
R M Abbey BA (Hons)
N Bruce Copp
S D Rosenbaum (Appointed 28 September 2001)
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 2002	1 August 2001
L R J Portnoi	-	-
D R Arnold LLB (Hons)	-	-
R M Abbey BA (Hons)	-	-
N Bruce Copp	-	-
S D Rosenbaum	-	-
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 2002**

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

Company Secretary

23rd January 2003

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 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gordon Leighton

13/2/03
.....

Chartered Accountants
Registered Auditor

50 Queen Anne Street
London
W1G 9HQ

TEP MANAGEMENT SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2002**

	Notes	2002 £	2001 £
Turnover	2	400,105	310,654
Administrative expenses		(301,372)	(13,610)
Operating profit	3	98,733	297,044
Other interest receivable and similar income		43	50
Profit on ordinary activities before taxation		98,776	297,094
Tax on profit on ordinary activities	4	(19,425)	(84,056)
Profit on ordinary activities after taxation		79,351	213,038
Dividends	5	(446,948)	-
Transfer (from)/to reserves for the year	9	(367,597)	213,038
Profit and loss account brought forward	9	446,948	233,910
Profit and loss account carried forward	9	79,351	446,948

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.

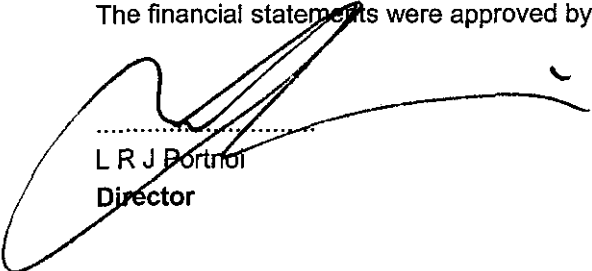
TEP MANAGEMENT SERVICES LIMITED

**BALANCE SHEET
AS AT 31 JULY 2002**

	Notes	2002 £	£	2001 £	£
Current assets					
Debtors	6	103,030		532,714	
Creditors: amounts falling due within one year	7	<u>(23,579)</u>		<u>(85,666)</u>	
Total assets less current liabilities			<u>79,451</u>		<u>447,048</u>
Capital and reserves					
Called up share capital	8		100		100
Profit and loss account	9		<u>79,351</u>		<u>446,948</u>
Shareholders' funds - equity interests	10		<u>79,451</u>		<u>447,048</u>

The financial statements were approved by the Board on

23rd January 2003


L R J Portnoi
Director

TEP MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002**

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

2002

2001

£

£

Operating profit is stated after charging:

Auditors' remuneration

1,200

950

4 Taxation

2002

2001

£

£

Domestic current year tax

U.K. corporation tax

19,425

84,056

Current tax charge

19,425

84,056

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation

98,776

297,094

Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.67% (2001 : 28.29%)

19,429

84,048

Effects of:

Other tax adjustments

(4)

8

(4)

8

Current tax charge

19,425

84,056

5 Dividends

2002

2001

£

£

On ordinary shares

446,948

-

TEP MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2002**

6 Debtors	2002 £	2001 £
Amounts owed by parent and fellow subsidiary undertakings	88,030	513,933
Prepayments and accrued income	15,000	18,781
	<u>103,030</u>	<u>532,714</u>
 7 Creditors: amounts falling due within one year	 2002 £	 2001 £
Corporation tax	19,425	84,056
Accruals and deferred income	4,154	1,610
	<u>23,579</u>	<u>85,666</u>
 8 Share capital	 2002 £	 2001 £
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>
 9 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 August 2001		446,948
Retained loss for the year		<u>(367,597)</u>
Balance at 31 July 2002		<u>79,351</u>

TEP MANAGEMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2002**

10 Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Profit for the financial year	79,351	213,038
Dividends	(446,948)	-
Net (depletion in)/addition to shareholders' funds	(367,597)	213,038
Opening shareholders' funds	447,048	234,010
Closing shareholders' funds	79,451	447,048

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:

	2002	2001
	Number	Number
Administration	15	5
Employment costs		
	£	£
Wages and salaries	261,992	-
Social security costs	30,915	-
	292,907	-

13 Control

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

14 Related party transactions

At 31 July 2002 an amount of £88,030 (2001 £513,933) 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.

During the year ended 31 July 2002 the company received valuation fees of £26,099 (2001 £1,970) from The Protected Asset TEP Fund Plc, a company in which TIS Group Plc has a material interest.