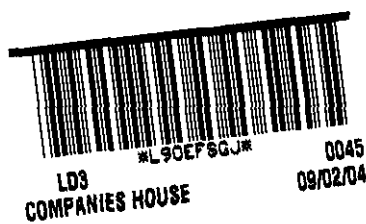


TEP Management Services Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 July 2003



TEP Management Services Limited

COMPANY INFORMATION

DIRECTORS

LRJ Portnoi
DR Arnold LLB (Hons)
N Bruce Copp
RM Abbey BA (Hons)
SD Rosenbaum
S Goldsmith ACA

SECRETARY

S Goldsmith ACA

REGISTERED OFFICE

TIS House
Spring Villa Park
Edgware
Middlesex HA8 7EG

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

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

The directors submit their report and the financial statements of TEP Management Services Limited for the year ended 31 July 2003.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

DIVIDENDS

The directors do not propose a dividend for the year.

DIRECTORS

The following directors have held office during the year:

LRJ Portnoi
DR Arnold LLB (Hons)
N Bruce Copp
RM Abbey BA (Hons)
SD Rosenbaum
S Goldsmith ACA

DIRECTORS' INTERESTS IN SHARES

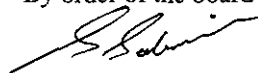
Directors' interests in the shares of the company, including family interests, were as follows:

	31.7.03	<i>Ordinary shares of £1 each</i> 1.8.02
LRJ Portnoi	-	-
DR Arnold LLB (Hons)	-	-
RM Abbey BA (Hons)	-	-
N Bruce Copp	-	-
SD Rosenbaum	-	-
S Goldsmith ACA	-	-

AUDITORS

During the year, Gordon Leighton resigned as auditors and Baker Tilly, Chartered Accountants, were appointed in their place. A resolution to reappoint Baker Tilly as auditors will be put to the members at the annual general meeting.

By order of the board


S Goldsmith

Secretary

12 December 2003

TEP Management Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

TEP Management Services Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEP MANAGEMENT SERVICES LIMITED

We have audited the financial statements on pages 6 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

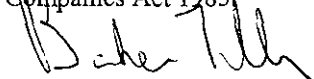
Basis of audit opinion

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 at 31 July 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

12 December 2003

TEP Management Services Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 July 2003

	Notes	2003 £	2002 £
TURNOVER	1	768,818	400,105
Net operating expenses		(341,416)	(301,372)
OPERATING PROFIT		<u>427,402</u>	<u>98,733</u>
Interest receivable		2	43
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>427,404</u>	<u>98,776</u>
Taxation	4	(366,654)	(19,425)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>60,750</u>	<u>79,351</u>
Dividends	5	-	(446,948)
TRANSFER TO/(FROM) RESERVES FOR THE YEAR	9	<u>60,750</u>	<u>(367,597)</u>
Profit and loss brought forward	9	79,351	446,948
PROFIT AND LOSS CARRIED FORWARD	9	<u><u>140,101</u></u>	<u><u>79,351</u></u>

The operating profit for the year arises from the company's continuing operations.

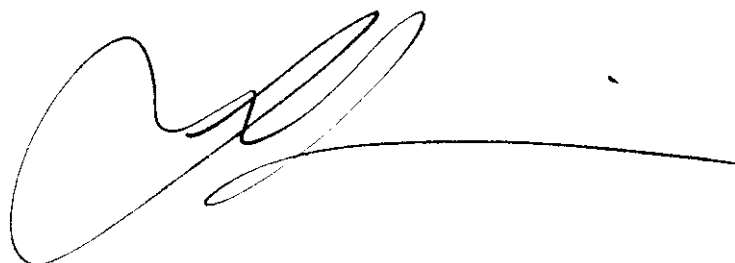
No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

TEP Management Services Limited
BALANCE SHEET
31 July 2003

	<i>Notes</i>	2003 £	2002 £
CURRENT ASSETS			
Debtors	6	180,193	103,030
CREDITORS: Amounts falling due within one year	7	(39,992)	(23,579)
NET CURRENT ASSETS		<u>140,201</u>	<u>79,451</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>140,201</u>	<u>79,451</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account	9	140,101	79,351
SHAREHOLDER'S FUNDS	10	<u>140,201</u>	<u>79,451</u>

Approved by the board on 12 December 2003

LRJ Portnoi **Director**



TEP Management Services Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TURNOVER

Turnover represents fees and commissions earned during the year stated net of value added tax.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

TEP Management Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2003

1 TURNOVER

The company's turnover is derived from the company's principal activities wholly undertaken in the United Kingdom.

2	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2003	2002
		£	£

Operating profit is stated after charging:
Auditors' remuneration

799	1,200
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3 EMPLOYEES

2003	2002
No.	No.

The average monthly number of persons (including directors) employed by the company during the year was:

Office and management

10	15
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2003	2002
£	£

Staff costs for above persons:

Wages and salaries

292,685	261,992
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Social security costs

37,464	30,915
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330,149	292,907
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The directors did not receive any remuneration for their services from the company during the year (2002: £Nil).

4 TAXATION

2003	2002
£	£

Based on the result for the year

UK corporation tax at 19%

366,654	19,425
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Total current tax

366,654	19,425
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Deferred taxation:

Origination and reversal of timing differences

-	-
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Taxation payable

366,654	19,425
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TEP Management Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2003

4	TAXATION <i>(continued)</i>		
	Factors affecting tax charge for period:	2003	2002
		£	£
	Profit on ordinary activities before tax	427,404	98,776
	Profit on ordinary activities multiplied by standard rate of 19%	81,207	18,767
	Group relief charge to parent	285,447	-
	Other tax adjustment	-	658
	Current tax charge for period	366,654	19,425
5	DIVIDENDS	2003	2002
		£	£
	Ordinary:		
	Interim paid	-	446,948
6	DEBTORS	2003	2002
		£	£
	Due within one year:		
	Amounts owed by parent undertaking	14,717	88,030
	Prepayments and accrued income	165,476	15,000
		180,193	103,030
7	CREDITORS: Amounts falling due within one year	2003	2002
		£	£
	Corporation tax	14,250	19,425
	Other tax and social security	14,400	-
	Accruals and deferred income	11,342	4,154
		39,992	23,579
8	SHARE CAPITAL	2003	2002
		£	£
	Authorised:		
	100 ordinary shares of £1 each	100	100
	Allotted, issued and fully paid:		
	100 ordinary shares of £1 each	100	100

TEP Management Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2003

9	PROFIT AND LOSS ACCOUNT	2003	2002
		£	£
	1 August	79,351	446,948
	Profit/(loss) for the period	60,750	(367,597)
	31 July	<u>140,101</u>	<u>79,351</u>

10	RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS	2003	2002
		£	£
	Profit for the financial period	60,750	79,351
	Dividends	-	(446,948)
	Net addition/(reduction) of shareholder's funds	<u>60,750</u>	<u>(367,597)</u>
	Opening shareholder's funds	79,451	447,048
	Closing shareholder's funds	<u>140,201</u>	<u>79,451</u>

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 **CONTROL**

The immediate and ultimate parent undertaking is TIS Group Plc, a company incorporated in England and Wales. TIS Group Plc is controlled by LRJ Portnoi.

13 **RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption in FRS 8 that transactions do not need to be disclosed with companies 90% or more of whose voting rights are controlled within the group.

During the year ended 31 July 2003 the company received valuation fees of £102,679 (2002: £26,099) from The Protected Asset TEP Fund Plc, a company in which TIS Group Plc has a material interest. At the balance sheet date, £10,647 (2002: £Nil) of valuation fees were accrued in prepayments and accrued income.