

# TEP Management Services Limited

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 July 2004



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COMPANIES HOUSE

\*LSEX024U\*

0323  
21/01/05

Company Registration No. 717607

# TEP Management Services Limited

## COMPANY INFORMATION

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### **DIRECTORS**

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

### **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

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The directors submit their report and the financial statements of TEP Management Services Limited for the year ended 31 July 2004.

### 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  
Professor RM Abbey BA (Hons)  
S Goldsmith ACA  
SD Rosenbaum BA (Hons)

### DIRECTORS' INTERESTS IN SHARES

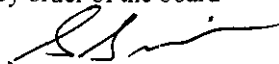
Directors' interests in the shares of the company, including family interests, were as follows:

|                        |         | <i>Ordinary shares<br/>of £1 each</i> |
|------------------------|---------|---------------------------------------|
|                        | 31.7.04 | 1.8.03                                |
| LRJ Portnoi            | -       | -                                     |
| DR Arnold LLB (Hons)   | -       | -                                     |
| RM Abbey BA (Hons)     | -       | -                                     |
| N Bruce Copp           | -       | -                                     |
| S Goldsmith ACA        | -       | -                                     |
| SD Rosenbaum BA (Hons) | -       | -                                     |

### AUDITORS

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

26 November 2004

# **TEP Management Services Limited**

## **DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS**

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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

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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.

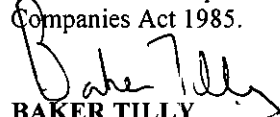
### **Basis of audit opinion**

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 2004 and of its profit for the year 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

26 November 2004

**TEP Management Services Limited**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 July 2004**

|                                                      | Notes | 2004<br>£             | 2003<br>£             |
|------------------------------------------------------|-------|-----------------------|-----------------------|
| <b>TURNOVER</b>                                      | 1     | 990,340               | 768,818               |
| Net operating expenses                               |       | (709,921)             | (341,416)             |
| <b>OPERATING PROFIT</b>                              |       | <u>280,419</u>        | <u>427,402</u>        |
| Interest receivable                                  |       | -                     | 2                     |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | 2     | <u>280,419</u>        | <u>427,404</u>        |
| Taxation                                             | 4     | (81,525)              | (366,654)             |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  |       | <u>198,894</u>        | <u>60,750</u>         |
| Dividends                                            | 5     |                       | -                     |
| <b>TRANSFER TO/(FROM) RESERVES FOR THE YEAR</b>      | 9     | <u>198,894</u>        | <u>60,750</u>         |
| Profit and loss brought forward                      | 9     | 140,101               | 79,351                |
| <b>PROFIT AND LOSS CARRIED FORWARD</b>               | 9     | <u><u>338,995</u></u> | <u><u>140,101</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.

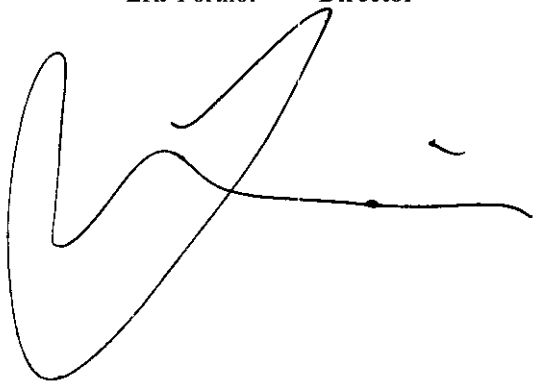
**TEP Management Services Limited**  
**BALANCE SHEET**  
**31 July 2004**

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|                                                       | <i>Notes</i> | <b>2004</b><br>£ | <b>2003</b><br>£ |
|-------------------------------------------------------|--------------|------------------|------------------|
| <b>CURRENT ASSETS</b>                                 |              |                  |                  |
| Debtors                                               | 6            | 505,698          | 180,193          |
| <b>CREDITORS: Amounts falling due within one year</b> | 7            | (166,603)        | (39,992)         |
| <b>NET CURRENT ASSETS</b>                             |              | <u>339,095</u>   | <u>140,201</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |              | <u>339,095</u>   | <u>140,201</u>   |
| <b>CAPITAL AND RESERVES</b>                           |              |                  |                  |
| Called up share capital                               | 8            | 100              | 100              |
| Profit and loss account                               | 9            | 338,995          | 140,101          |
| <b>SHAREHOLDER'S FUNDS</b>                            | 10           | <u>339,095</u>   | <u>140,201</u>   |

Approved by the board on 26 November 2004

LRJ Portnoi **Director**



# TEP Management Services Limited

## ACCOUNTING POLICIES

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### **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 that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised 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 2004**

**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**

**2004**  
**£**

**2003**  
**£**

Operating profit is stated after charging:  
Auditors' remuneration

1,200

799

**3 EMPLOYEES**

**2004**  
**No.**

**2003**  
**No.**

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

Office and management

11

10

**2004**  
**£**

**2003**  
**£**

Staff costs for above persons:

Wages and salaries

644,615

292,685

Social security costs

31,393

37,464

676,008

330,149

**DIRECTORS**

In respect of the directors of TEP Management Services Limited:

Emoluments

250,000

-

**Highest paid director**

**2004**  
**£**

**2003**  
**£**

Directors' emoluments disclosed above include the following payments:

Emoluments

250,000

-

**4 TAXATION**

**2004**  
**£**

**2003**  
**£**

**Based on the result for the year**

UK corporation tax at 19%

81,525

366,654

**Total current tax**

81,525

366,654

**Deferred taxation:**

Origination and reversal of timing differences

-

-

**Taxation payable**

81,525

366,654

**TEP Management Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 July 2004**

|   |                                                                              |             |             |
|---|------------------------------------------------------------------------------|-------------|-------------|
| 4 | <b>TAXATION (<i>continued</i>)</b>                                           |             |             |
|   | <b>Factors affecting tax charge for period:</b>                              | <b>2004</b> | <b>2003</b> |
|   |                                                                              | £           | £           |
|   | Profit on ordinary activities before tax                                     | 280,419     | 427,404     |
|   |                                                                              | <hr/>       | <hr/>       |
|   | Profit on ordinary activities multiplied by standard rate of 30% (2003: 19%) | 84,126      | 81,207      |
|   | Group relief charge to parent                                                | -           | 285,447     |
|   | Other tax adjustment                                                         | (2,601)     | -           |
|   |                                                                              | <hr/>       | <hr/>       |
|   | <b>Current tax charge for period</b>                                         | 81,525      | 366,654     |
|   |                                                                              | <hr/>       | <hr/>       |
| 5 | <b>DIVIDENDS</b>                                                             | <b>2004</b> | <b>2003</b> |
|   |                                                                              | £           | £           |
|   | Ordinary:                                                                    |             |             |
|   | Interim paid                                                                 | -           | -           |
|   |                                                                              | <hr/>       | <hr/>       |
| 6 | <b>DEBTORS</b>                                                               | <b>2004</b> | <b>2003</b> |
|   |                                                                              | £           | £           |
|   | Due within one year:                                                         |             |             |
|   | Amounts owed by parent undertaking                                           | 385,322     | 14,717      |
|   | Prepayments and accrued income                                               | 120,376     | 165,476     |
|   |                                                                              | <hr/>       | <hr/>       |
|   |                                                                              | 505,698     | 180,193     |
|   |                                                                              | <hr/>       | <hr/>       |
| 7 | <b>CREDITORS: Amounts falling due within one year</b>                        | <b>2004</b> | <b>2003</b> |
|   |                                                                              | £           | £           |
|   | Amounts due to fellow subsidiary companies                                   | 17,000      | -           |
|   | Corporation tax                                                              | 81,528      | 14,250      |
|   | Other tax and social security                                                | 37,674      | 14,400      |
|   | Accruals and deferred income                                                 | 30,401      | 11,342      |
|   |                                                                              | <hr/>       | <hr/>       |
|   |                                                                              | 166,603     | 39,992      |
|   |                                                                              | <hr/>       | <hr/>       |
| 8 | <b>SHARE CAPITAL</b>                                                         | <b>2004</b> | <b>2003</b> |
|   |                                                                              | £           | £           |
|   | <b>Authorised:</b>                                                           |             |             |
|   | 100 ordinary shares of £1 each                                               | 100         | 100         |
|   |                                                                              | <hr/>       | <hr/>       |
|   | <b>Allotted, issued and fully paid:</b>                                      |             |             |
|   | 100 ordinary shares of £1 each                                               | 100         | 100         |
|   |                                                                              | <hr/>       | <hr/>       |

**TEP Management Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 July 2004**

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|          |                                |                |                |
|----------|--------------------------------|----------------|----------------|
| <b>9</b> | <b>PROFIT AND LOSS ACCOUNT</b> | <b>2004</b>    | <b>2003</b>    |
|          |                                | <b>£</b>       | <b>£</b>       |
|          | 1 August                       | 140,101        | 79,351         |
|          | Profit for the period          | 198,894        | 60,750         |
|          | 31 July                        | <u>338,995</u> | <u>140,101</u> |

|           |                                                          |                |                |
|-----------|----------------------------------------------------------|----------------|----------------|
| <b>10</b> | <b>RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS</b> | <b>2004</b>    | <b>2003</b>    |
|           |                                                          | <b>£</b>       | <b>£</b>       |
|           | Profit for the financial period                          | 198,894        | 60,750         |
|           | Dividends                                                | -              | -              |
|           | Net addition to shareholder's funds                      | <u>198,894</u> | <u>60,750</u>  |
|           | Opening shareholder's funds                              | 140,201        | 79,451         |
|           | Closing shareholder's funds                              | <u>339,095</u> | <u>140,201</u> |

**11**      **CONTINGENT LIABILITIES**

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

**12**      **CONTROL**

The immediate and ultimate parent undertaking is TIS Group Limited, a company incorporated in England and Wales. TIS Group Limited 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 2004 the company received valuation fees of £330,859 (2003: £102,679) from The Protected Asset TEP Fund Plc, a company in which TIS Group Limited has a material interest. At the balance sheet date, £44,208 (2003: £10,647) of valuation fees were accrued in prepayments and accrued income.