

TEP Management Services Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Period ended 30 June 2008



Company Registration No. 717607

TEP Management Services Limited

COMPANY INFORMATION

DIRECTORS

A Iversen
C Parkinson
S Goldsmith ACA

SECRETARY

S Goldsmith ACA

REGISTERED OFFICE

TIS House
Spring Villa Park
Edgware
Middlesex HA8 7EG

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

BUSINESS ADDRESS

TIS House
Spring Villa Park
Edgware
Middlesex HA8 7EG

BANKERS

Bank of Scotland
London Chief Office
PO Box 54873
London SW1Y 5WX

Commonwealth Bank of Australia
Senator House
85 Queen Victoria Street
London EC4V 4HA

Barclays Bank plc
Head Office Branch
One Churchill Place
London E14 5HP

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 period 1 August 2007 to 30 June 2008.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

KEY PERFORMANCE INDICATORS (KPIs)

Given the straightforward nature of the business the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

DIVIDENDS

The directors recommended a dividend of £6,000,000 (2007: £Nil) during the period. No final dividend is recommended.

DIRECTORS

The following directors have held office during the period:

A Iversen	
D Farrow	(Resigned 2 April 2008)
Professor RM Abbey BA (Hons)	(Resigned 17 April 2008)
S Goldsmith ACA	
SD Rosenbaum BA (Hons)	(Resigned 2 April 2008)
C Parkinson	(Appointed 2 April 2008)

CHARITABLE CONTRIBUTIONS

During the period the company made charitable donations of £Nil.

RISK

Foreign exchange risk

The company has no foreign currency transactions and therefore the directors deem the risk of foreign exchange movements to be nil. As a result, the company does not hedge against foreign exchange movements.

TEP Management Services Limited

DIRECTORS' REPORT

Liquidity

The company continues to generate cash through the valuation fee income it receives, and it is therefore cash positive.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

A resolution to re-appoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to members at the Annual General Meeting.

By order of the board



S Goldsmith

Secretary

30 October 2008

TEP Management Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 7 to 12.

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 auditor's 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 opinions 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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

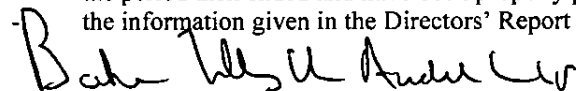
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 June 2008 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

30 October

2008

TEP Management Services Limited
PROFIT AND LOSS ACCOUNT
for the period ended 30 June 2008

	Notes	11 months ended 30 June 2008 £	Year ended 31 July 2007 £
TURNOVER	1	5,543,237	4,568,024
Net operating expenses		(549,377)	(578,724)
OPERATING PROFIT		<u>4,993,860</u>	<u>3,989,300</u>
Interest payable		(1,390)	(3,478)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>4,992,470</u>	<u>3,985,822</u>
Taxation	4	(1,470,543)	(1,195,186)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	9	<u><u>3,521,927</u></u>	<u><u>2,790,636</u></u>

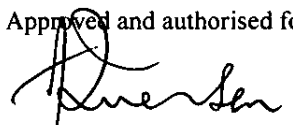
The operating profit for the period arises from the company's continuing operations.

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
30 June 2008

	<i>Notes</i>	30 June 2008 £	31 July 2007 £
CURRENT ASSETS			
Debtors	6	2,563,147	5,000,913
Cash at bank and in hand		2,449	-
		<u>2,565,596</u>	<u>5,000,913</u>
CREDITORS: Amounts falling due within one year	7	(951,118)	(908,362)
NET CURRENT ASSETS		<u>1,614,478</u>	<u>4,092,551</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,614,478</u>	<u>4,092,551</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account	9	1,614,378	4,092,451
SHAREHOLDER'S FUNDS	10	<u>1,614,478</u>	<u>4,092,551</u>

Approved and authorised for issue by the board on 30 October 2008


A Iversen **Director**

TEP Management Services Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of TIS Holdings Limited, the company has taken advantage of the exemption contained within Financial Reporting Standard 8 and has therefore not disclosed any transactions or balances with entities which form part of the Group.

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 period ended 30 June 2008

1 TURNOVER

The company's turnover is derived from the company's principal activities wholly undertaken in the United Kingdom. Turnover represents fees and commissions earned during the period stated net of value added tax.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008	2007
	£	£

Operating profit is stated after charging:
Auditors' remuneration

1,210	1,320
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3 EMPLOYEES

2008	2007
No.	No.

The average monthly number of persons (including directors) employed by the company during the period was:
Office and management

13	16
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2008	2007
£	£

Staff costs for above persons:

Wages and salaries

442,000	495,000
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Social security costs

57,000	63,000
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499,000	558,000
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DIRECTORS

In respect of the directors of TEP Management Services Limited:

Emoluments

-	-
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Highest paid director

2008	2007
£	£

emoluments disclosed above include the following payments:

Emoluments

-	-
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TEP Management Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

4	TAXATION	2008	2007
		£	£
	Based on the result for the period		
	UK corporation tax at 28% (2007: 30%)	1,470,618	1,195,186
	Adjustments in respect of previous periods	(75)	-
	Total current tax	1,470,543	1,195,186
	Deferred taxation:		
	Origination and reversal of timing differences	-	-
	Taxation payable	1,470,543	1,195,186
		2008	2007
		£	£
	Profit on ordinary activities before tax	4,992,470	3,985,822
	Profit on ordinary activities multiplied by standard rate of 30% (2007: 30%)	1,497,741	1,195,747
	Other tax adjustment	-	(561)
	Reduction in the rate	(27,048)	-
	Adjustment in respect of previous periods	(75)	-
	Current tax charge for period	1,470,618	1,195,186
5	DIVIDENDS	2008	2007
		£	£
	Ordinary:		
	Interim paid - £60,000 per share (2007: £Nil)	6,000,000	-
6	DEBTORS	2008	2007
		£	£
	Due within one year:		
	Amounts owed by parent undertaking	1,893,796	4,644,052
	Prepayments and accrued income	669,351	356,861
		2,563,147	5,000,913
7	CREDITORS: Amounts falling due within one year	2008	2007
		£	£
	Trade creditors	17,109	-
	Corporation tax	570,618	708,247
	Other tax and social security	330,772	170,123
	Accruals and deferred income	32,619	29,992
		951,118	908,362

TEP Management Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

8	SHARE CAPITAL	2008	2007
		£	£
	Authorised:		
	100 ordinary shares of £1 each	100	100
	Allotted, issued and fully paid:		
	100 ordinary shares of £1 each	100	100
9	PROFIT AND LOSS ACCOUNT	2008	2007
		£	£
	1 August 2007	4,092,451	1,301,815
	Profit for the period	3,521,927	2,790,636
	Dividends	(6,000,000)	-
	30 June 2008	1,614,378	4,092,451
10	RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS	2008	2007
		£	£
	Profit for the financial period	3,521,927	2,790,636
	Dividends	(6,000,000)	-
	Net movement in shareholder's funds	(2,478,073)	2,790,636
	Opening shareholder's funds	4,092,551	1,301,915
	Closing shareholder's funds	1,614,478	4,092,551
11	CONTINGENT LIABILITIES		
	The company has a cross-guarantee with its parent, TIS Group Limited, over the banking facilities provided by Bank of Scotland and the Commonwealth Bank of Australia, which is secured by a debenture over all the assets of the company. The value of loans outstanding at the period end under this guarantee was £30m.		
12	CONTROL		
	The immediate parent undertaking is TIS Group Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking is TIS Holdings Limited, a company incorporated in the United Kingdom. Consolidated accounts are prepared for both these entities.		
13	RELATED PARTY TRANSACTIONS		
	During the period ended 30 June 2008 the company received valuation fees of £3,756,716 (2007: £2,866,232) from The Protected Asset TEP Fund Plc and £67,318 (2007: £83,437) from The Protected Capital Growth Fund Plc, companies in which TIS Group Limited owns management shares. At the balance sheet date, £273,471 (2007: £214,861) of valuation fees were accrued in prepayments and accrued income.		