

# **TEP Management Services Limited**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**Year ended 30 June 2009**



**Company Registration No. 717607**

# TEP Management Services Limited

## COMPANY INFORMATION

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### **DIRECTORS**

A Iversen  
C Radford

### **REGISTERED OFFICE**

TIS House  
Spring Villa Park  
Edgware  
Middlesex HA8 7EG

### **AUDITOR**

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

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The directors submit their report and the financial statements of TEP Management Services Limited for the year ended 30 June 2009.

### 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

Despite the extremely challenging economic environment the Board believes that the business performance over the period to be satisfactory.

The directors believe that as the largest traded endowment market maker in the UK the business is also well placed to re-build its position and expects to see this reflected in the future performance of the business.

### KEY PERFORMANCE INDICATORS (KPIs)

Given the straightforward nature of the business the directors do not believe that analysis by KPIs is necessary to understand the development, performance or position of the company.

### DIVIDENDS

The directors recommended a dividend of £Nil (2008: £6,000,000) during the year. No final dividend is recommended.

### DIRECTORS

The following directors have held office during the year:

|                 |                            |
|-----------------|----------------------------|
| A Iversen       |                            |
| S Goldsmith ACA | (Resigned 17 July 2009)    |
| C Parkinson     | (Resigned 31 October 2008) |
| C Radford       | (Appointed 19 March 2009)  |

### 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

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### 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 THE AUDITOR

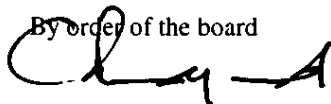
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have 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.

### AUDITOR

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 auditor will be put to members at the Annual General Meeting.

By order of the board



C Radford

Director

27 October 2009

# **TEP Management Services Limited**

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

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The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. 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 AUDITOR'S REPORT TO THE MEMBERS OF TEP MANAGEMENT SERVICES LIMITED

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We have audited the financial statements (the "financial statements") on pages 7 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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 auditor**

As more fully explained in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

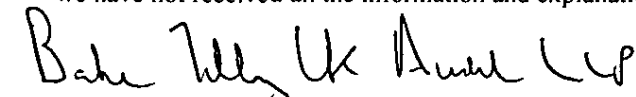
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



HOWARD FREEDMAN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST

27 October 2009

**TEP Management Services Limited**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 June 2009**

|                                                      | Notes | Year ended<br>30 June<br>2009<br>£ | 11 months<br>ended<br>30 June<br>2008<br>£ |
|------------------------------------------------------|-------|------------------------------------|--------------------------------------------|
| <b>TURNOVER</b>                                      | 1     | 4,733,378                          | 5,543,237                                  |
| Net operating expenses                               |       | (464,898)                          | (549,377)                                  |
| <b>OPERATING PROFIT</b>                              |       | <u>4,268,480</u>                   | <u>4,993,860</u>                           |
| Interest payable                                     |       | (26)                               | (1,390)                                    |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | 2     | <u>4,268,454</u>                   | <u>4,992,470</u>                           |
| Taxation                                             | 4     | (1,289,777)                        | (1,470,543)                                |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  | 9     | <u><u>2,978,677</u></u>            | <u><u>3,521,927</u></u>                    |

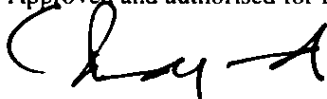
The operating profit for the year arises from the company's continuing operations.

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**  
**30 June 2009**

|                                                       | <i>Notes</i> | <b>2009</b><br>£ | <b>2008</b><br>£ |
|-------------------------------------------------------|--------------|------------------|------------------|
| <b>CURRENT ASSETS</b>                                 |              |                  |                  |
| Debtors                                               | 6            | 5,527,662        | 2,563,147        |
| Cash at bank and in hand                              |              | 2                | 2,449            |
|                                                       |              | <u>5,527,664</u> | <u>2,565,596</u> |
| <b>CREDITORS: Amounts falling due within one year</b> | 7            | (934,509)        | (951,118)        |
| <b>NET CURRENT ASSETS</b>                             |              | <u>4,593,155</u> | <u>1,614,478</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |              | <u>4,593,155</u> | <u>1,614,478</u> |
| <b>CAPITAL AND RESERVES</b>                           |              |                  |                  |
| Called up share capital                               | 8            | 100              | 100              |
| Profit and loss account                               | 9            | 4,593,055        | 1,614,378        |
| <b>SHAREHOLDER'S FUNDS</b>                            | 10           | <u>4,593,155</u> | <u>1,614,478</u> |

Approved and authorised for issue by the board on 27 October 2009

  
C Radford      **Director**

# TEP Management Services Limited

## ACCOUNTING POLICIES

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### **BASIS OF PREPARATION**

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 year ended 30 June 2009**

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**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**

|  | <b>2009</b> | <b>2008</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |

Operating profit is stated after charging:  
Auditor's remuneration

|                   |                   |
|-------------------|-------------------|
| 2,522             | 1,210             |
| <u>          </u> | <u>          </u> |

**3 EMPLOYEES**

| <b>2009</b> | <b>2008</b> |
|-------------|-------------|
| <b>No.</b>  | <b>No.</b>  |

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

Office and management

|                   |                   |
|-------------------|-------------------|
| 12                | 13                |
| <u>          </u> | <u>          </u> |

| <b>2009</b> | <b>2008</b> |
|-------------|-------------|
| <b>£</b>    | <b>£</b>    |

Staff costs for above persons:

Wages and salaries

|         |         |
|---------|---------|
| 400,000 | 442,000 |
|---------|---------|

Social security costs

|        |        |
|--------|--------|
| 51,000 | 57,000 |
|--------|--------|

|                |                |
|----------------|----------------|
| <u>451,000</u> | <u>499,000</u> |
|----------------|----------------|

**DIRECTORS**

In respect of the directors of TEP Management Services Limited:

Emoluments

|                   |                   |
|-------------------|-------------------|
| -                 | -                 |
| <u>          </u> | <u>          </u> |

**Highest paid director**

| <b>2009</b> | <b>2008</b> |
|-------------|-------------|
| <b>£</b>    | <b>£</b>    |

Emoluments disclosed above include the following payments:

Emoluments

|                   |                   |
|-------------------|-------------------|
| -                 | -                 |
| <u>          </u> | <u>          </u> |

**TEP Management Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2009**

|          |                                                                              |                  |                  |
|----------|------------------------------------------------------------------------------|------------------|------------------|
| <b>4</b> | <b>TAXATION</b>                                                              | <b>2009</b>      | <b>2008</b>      |
|          |                                                                              | <b>£</b>         | <b>£</b>         |
|          | <b>Based on the result for the period</b>                                    |                  |                  |
|          | UK corporation tax at 28% (2008:30%)                                         | 1,228,969        | 1,470,618        |
|          | Adjustments in respect of previous periods                                   | 60,808           | (75)             |
|          | <b>Total current tax</b>                                                     | <b>1,289,777</b> | <b>1,470,543</b> |
|          | <b>Deferred taxation:</b>                                                    |                  |                  |
|          | Origination and reversal of timing differences                               | -                | -                |
|          | <b>Taxation payable</b>                                                      | <b>1,289,777</b> | <b>1,470,543</b> |
|          |                                                                              |                  |                  |
|          |                                                                              | <b>2009</b>      | <b>2008</b>      |
|          |                                                                              | <b>£</b>         | <b>£</b>         |
|          | Profit on ordinary activities before tax                                     | 4,268,454        | 4,992,470        |
|          | Profit on ordinary activities multiplied by standard rate of 28% (2008: 30%) | 1,195,167        | 1,497,741        |
|          | Other tax adjustments                                                        | 33,802           | -                |
|          | Reduction in the rate                                                        | -                | (27,048)         |
|          | Adjustment in respect of previous periods                                    | 60,808           | (75)             |
|          | <b>Current tax charge for year</b>                                           | <b>1,289,777</b> | <b>1,470,618</b> |
| <b>5</b> | <b>DIVIDENDS</b>                                                             | <b>2009</b>      | <b>2008</b>      |
|          |                                                                              | <b>£</b>         | <b>£</b>         |
|          | Ordinary:                                                                    |                  |                  |
|          | Interim paid - £Nil per share (2008: £60,000)                                | -                | 6,000,000        |
| <b>6</b> | <b>DEBTORS</b>                                                               | <b>2009</b>      | <b>2008</b>      |
|          |                                                                              | <b>£</b>         | <b>£</b>         |
|          | Due within one year:                                                         |                  |                  |
|          | Amounts owed by parent undertaking                                           | 5,042,622        | 1,893,796        |
|          | Prepayments and accrued income                                               | 485,040          | 669,351          |
|          |                                                                              | <b>5,527,662</b> | <b>2,563,147</b> |
| <b>7</b> | <b>CREDITORS: Amounts falling due within one year</b>                        | <b>2009</b>      | <b>2008</b>      |
|          |                                                                              | <b>£</b>         | <b>£</b>         |
|          | Trade creditors                                                              | -                | 17,109           |
|          | Corporation tax                                                              | 696,392          | 570,618          |
|          | Other tax and social security                                                | 205,942          | 330,772          |
|          | Accruals and deferred income                                                 | 32,175           | 32,619           |
|          |                                                                              | <b>934,509</b>   | <b>951,118</b>   |

**TEP Management Services Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2009**

|           |                                                          |                   |                   |
|-----------|----------------------------------------------------------|-------------------|-------------------|
| <b>8</b>  | <b>SHARE CAPITAL</b>                                     | <b>2009</b>       | <b>2008</b>       |
|           |                                                          | <b>£</b>          | <b>£</b>          |
|           | <b>Authorised:</b>                                       |                   |                   |
|           | 100 ordinary shares of £1 each                           | 100               | 100               |
|           |                                                          | <u>          </u> | <u>          </u> |
|           | <b>Allotted, issued and fully paid:</b>                  |                   |                   |
|           | 100 ordinary shares of £1 each                           | 100               | 100               |
|           |                                                          | <u>          </u> | <u>          </u> |
| <b>9</b>  | <b>PROFIT AND LOSS ACCOUNT</b>                           | <b>2009</b>       | <b>2008</b>       |
|           |                                                          | <b>£</b>          | <b>£</b>          |
|           | 1 July 2008                                              | 1,614,378         | 4,092,451         |
|           | Profit for the year                                      | 2,978,677         | 3,521,927         |
|           | Dividends                                                | -                 | (6,000,000)       |
|           |                                                          | <u>          </u> | <u>          </u> |
|           | 30 June 2009                                             | 4,593,055         | 1,614,378         |
|           |                                                          | <u>          </u> | <u>          </u> |
| <b>10</b> | <b>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b> | <b>2009</b>       | <b>2008</b>       |
|           |                                                          | <b>£</b>          | <b>£</b>          |
|           | Profit for the financial year                            | 2,978,677         | 3,521,927         |
|           | Dividends                                                | -                 | (6,000,000)       |
|           |                                                          | <u>          </u> | <u>          </u> |
|           | Net movement in shareholders' funds                      | 2,978,677         | (2,478,073)       |
|           | Opening shareholders' funds                              | 1,614,478         | 4,092,551         |
|           |                                                          | <u>          </u> | <u>          </u> |
|           | Closing shareholders' funds                              | 4,593,155         | 1,614,478         |
|           |                                                          | <u>          </u> | <u>          </u> |

**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 £19m (2008: £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.

The company is controlled by Promethean Investments Fund LP.

**13 RELATED PARTY TRANSACTIONS**

During the period ended 30 June 2009 the company received valuation fees of £2,971,464 (2008: £3,756,716) from The Protected Asset TEP Fund Plc and £86,226 (2008: £67,318) from The Protected Capital Growth Fund Plc, companies in which TIS Group Limited owns management shares. At the balance sheet date, £173,877 (2008: £273,471) of valuation fees were accrued in prepayments and accrued income.