

TEP Management Services Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Year ended 30 June 2012

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COMPANIES HOUSE

Company Registration No. 0717607

TEP Management Services Limited

COMPANY INFORMATION

DIRECTORS

A Iversen
K Spiteri

REGISTERED OFFICE

TIS House
Spring Villa Park
Edgware
Middlesex HA8 7EG

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

BUSINESS ADDRESS

TIS House
Spring Villa Park
Edgware
Middlesex HA8 7EG

BANKERS

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

Sankaty Luxco S a r l
42 Rue de la Vallee
L-2661
Luxembourg

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

CONTENTS

	Page
Directors' Report	3-4
Directors' Responsibilities	5
Independent Auditor's Report	6
Profit and Loss Account	7
Balance Sheet	8
Accounting Policies	9
Notes to the Financial Statements	10-13

TEP Management Services Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of TEP Management Services Limited for the year ended 30 June 2012

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 economic environment continues to be challenging, however, the Board believes that the business performance over the period to be satisfactory

The directors are disappointed to have not resolved the fee dispute from last year, however, it is anticipated that the market for portfolio valuations remains stable and that the company's performance will reflect this

GOING CONCERN

The directors confirm that they are satisfied that the company has adequate resources to continue in business for the foreseeable future due to the stable trading outlook

For this reason the going concern basis in preparing the financial statements is adopted

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 did not recommend a dividend during the year (2011 £Nil) No final dividend is recommended (2011 £Nil)

DIRECTORS

The following directors have held office since 1 July 2011

A Iversen
K Spiteri

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

Interest rate risk

The company reduces exposure to movements in interest rates through the fixing of monthly libor rates rather than quarterly

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 THE AUDITOR

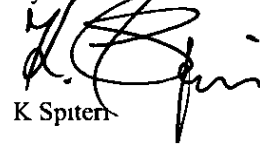
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have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



K Spiteri

Director

19 October 2012

TEP Management Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

We have audited the financial statements (the "financial statements") on pages 7 to 13 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 Chapter 3 of Part 16 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 and express an opinion on 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/private.cfm

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 2012 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

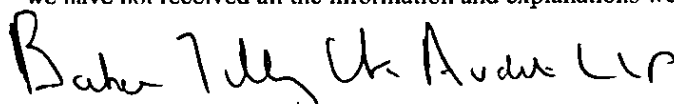
Opinion on other matters prescribed by the Companies Act 2006

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

25 Farringdon Street

London EC4A 4AB

19 October 2012

TEP Management Services Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2012

	Notes	2012 £	2011 £
TURNOVER	1	1,809,728	3,654,561
Net operating expenses		(421,938)	(570,247)
OPERATING PROFIT		<u>1,387,790</u>	<u>3,084,314</u>
Interest receivable		-	2,133
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>1,387,790</u>	<u>3,086,447</u>
Taxation	4	(236,679)	(867,119)
PROFIT FOR THE YEAR	8	<u><u>1,151,111</u></u>	<u><u>2,219,328</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 2012

Company Registration No. 0717607

	<i>Notes</i>	2012 £	2011 £
CURRENT ASSETS			
Debtors	5	12,544,153	11,808,801
Cash at bank and in hand		5,105	44
		<u>12,549,258</u>	<u>11,808,845</u>
CREDITORS: Amounts falling due within one year	6	(2,006,971)	(2,417,669)
NET CURRENT ASSETS		<u>10,542,287</u>	<u>9,391,176</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,542,287</u>	<u>9,391,176</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	10,542,187	9,391,076
SHAREHOLDER'S FUNDS	9	<u>10,542,287</u>	<u>9,391,176</u>

Approved and authorised for issue by the board on 19 October 2012


K Spiteri Director

TEP Management Services Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Going concern basis

The financial statements have been prepared on a going concern basis. TIS Group Limited have provided the directors of the company assurance that the company and its subsidiaries will continue to be provided the required ongoing financial support so that the company will be able to meet its liabilities as they fall due

TEP Management Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

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	2012 £	2011 £
Operating profit is stated after charging Auditor's remuneration	2,310	2,520

3 EMPLOYEES	2012 No.	2011 No.
The average monthly number of persons (including directors) employed by the company during the year was		
Office and management	3	5

	2012 £	2011 £
Staff costs for above persons		
Wages and salaries	71,688	183,108
Social security costs	9,176	23,438
	80,864	206,546

Director's remuneration is borne by TIS Group Limited, the parent company, as it was in the year ended 30 June 2011.

4 TAXATION	2012 £	2011 £
Based on the result for the period		
UK corporation tax at 25.5% (2011: 27.5%)	157,060	866,897
Adjustments in respect of previous periods	79,619	222
Total current tax	236,679	867,119
Deferred taxation:		
Origination and reversal of timing differences	-	-
Taxation payable	236,679	867,119

TEP Management Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	2012	2011
	£	£
Profit on ordinary activities before tax	1,387,790	3,086,447
Profit on ordinary activities multiplied by standard rate of 25.5% (2011: 27.5%)	353,887	848,816
Other tax adjustments	-	18,081
Adjustment in respect of previous periods	79,619	222
Transfer pricing adjustments	23,080	-
Group relief	(219,924)	-
Difference in tax rate	17	-
Current tax charge for year	236,679	867,119
5 DEBTORS	2012	2011
	£	£
Amounts owed by parent undertaking	12,342,030	11,273,627
Other debtors	-	419,287
Prepayments and accrued income	113,206	115,887
Other tax and social security	88,917	-
	12,544,153	11,808,801
6 CREDITORS: Amounts falling due within one year	2012	2011
	£	£
Amounts owed to parent undertaking	1,866,653	1,870,654
Corporation tax	138,008	336,389
Other tax and social security	-	208,106
Accruals and deferred income	2,310	2,520
	2,006,971	2,417,669
7 SHARE CAPITAL	2012	2011
	£	£
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 30 June 2012

8	PROFIT AND LOSS ACCOUNT	2012	2011
		£	£
	1 July 2011	9,391,076	7,171,748
	Profit for the year	1,151,111	2,219,328
	30 June 2012	<u>10,542,187</u>	<u>9,391,076</u>

9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2012	2011
		£	£
	Profit for the financial year	1,151,111	2,219,328
	Net movement in shareholders' funds	<u>1,151,111</u>	<u>2,219,328</u>
	Opening shareholders' funds	9,391,176	7,171,848
	Closing shareholders' funds	<u>10,542,287</u>	<u>9,391,176</u>

10 CONTINGENT LIABILITIES

The company has a cross-guarantee with its parent, TIS Group Limited, over the banking facilities provided by Bank of Scotland, which is secured by a debenture over all the assets of the company. The value of loans outstanding at the year end under this guarantee was £12.9m (2011 £18.5m).

11 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. Copies of Promethean Investments Fund LP group financial statements are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

12 RELATED PARTY TRANSACTIONS

The company has taken advantage of the FRS 8 exemption from disclosing transactions with wholly owned members of the group.

During the period ended 30 June 2012 the company received valuation fees of £1,649,780 (2011 £2,131,474) from The Protected Asset TEP Fund Plc and £57,685 (2011 £71,153) from The Protected

Capital Growth Fund Plc, companies in which TIS Group Limited and Absolute Assigned Policies Limited owns management shares. At the balance sheet date, £104,000 (2011 £116,354) of valuation fees were accrued in prepayments and accrued income.