

TEP Management Services Limited

REPORT AND FINANCIAL STATEMENTS

Year ended 30 June 2014



Company Registration No. 0717607

TEP Management Services Limited

COMPANY INFORMATION

DIRECTORS

K Spiteri
R Ezekiel

REGISTERED OFFICE & BUSINESS ADDRESS

Stanmore Business & Innovation Centre
Stanmore Place
Honeypot Lane
Stanmore
London HA7 1BT

AUDITOR

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

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

CONTENTS

	Page
Directors' Report	3-4
Directors' Responsibilities in the preparation of financial statements	5
Independent Auditor's Report	6
Profit and Loss Account	7
Balance Sheet	8
Accounting Policies	9
Notes to the Financial Statements	10-12

TEP Management Services Limited

CONTENTS

	Page
Directors' Report	3-4
Directors' Responsibilities in the preparation of financial statements	5
Independent Auditor's Report	6
Profit and Loss Account	7
Balance Sheet	8
Accounting Policies	9
Notes to the Financial Statements	10-12

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 2014.

PRINCIPAL ACTIVITIES

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

DIRECTORS

The following directors have held office since 1 July 2013:

A Iversen (resigned 29 November 2013)
K Spiteri
R Ezekiel (appointed 29 November 2013)

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 Board intend to establish a strategy which exploits TIS's reputation as a provider of insurance-linked and alternative investment products, and will utilise the expertise of its workforce to diversify its offerings to include other investment products. Revenues from this strategy are intended to be earned from investment management and other investment service fees.

The Group's strategy will be underpinned by the need to provide investment solutions that maximise returns to third party investors by focusing on the following:

- Low or no correlation to capital markets;
- Low volatility; and
- A high degree of capital preservation.

Given the current 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.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 3. The financial position of the company, its cash flows, and liquidity position currently remains stable.

The company has provided a guarantee in relation to the bank loan in its intermediate parent company: TIS Acquisitions Limited. In December 2014 an event of default occurred in relation to the TIS Acquisitions Limited's bank loan. The impact of this was that the loan became repayable on demand. The financial statements of TIS Acquisitions Limited have been prepared taking this matter into account. Should the company's bankers request repayment of the loan, TIS Management Services Limited would cease to be a going concern, however no material further adjustments would be required to reflect the impact of this event on the company's financial statements. To date the lender has not made any requested repayment of the loan, but this matter does give rise to a significant uncertainty regarding the financial position of the company. The group is currently considering various options as to how the loan can be refinanced.

The company's profit and loss account presents a loss for the year of £11,673,868. The company has net assets of £45,523.

TEP Management Services Limited

DIRECTORS' REPORT

The company's forecasts and projections, taking account of the potential future developments, as described above, but disregarding the immediate repayment of the bank loan, enable the directors to have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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

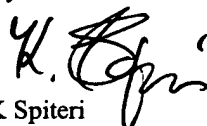
Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

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

SMALL COMPANIES PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board


K Spiteri

Director

8 June 2015

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 accounting 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 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 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 on page 5, 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 of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

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 2014 and of the loss 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.

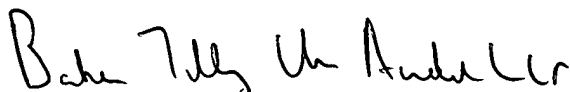
Emphasis of matter –going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made on page 9 of the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £11,673,868 during the year ended 30 June 2014 and, at that date, the company's current assets exceeded its total liabilities by £45,523. These conditions, along with the other matters explained in the going concern note on page 9 of the financial statements, regarding the financial situation of the company's intermediate parent, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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; or
- the directors were not entitled to take advantage of the small companies exemptions from the requirement to prepare a strategic report or in preparing the directors' report.



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
8 June 2015

TEP Management Services Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2014

	Notes	2014 £	2013 £
TURNOVER	1	901,573	1,174,756
Operating expenses		(78,500)	(80,459)
Exceptional item:			
Provision against amount owed by immediate parent company	2	(12,496,941)	-
OPERATING (LOSS)/PROFIT		<u>(11,673,868)</u>	<u>1,094,297</u>
Interest receivable		-	308
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(11,673,868)</u>	<u>1,094,605</u>
Taxation	4	-	82,499
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	8	<u><u>(11,673,868)</u></u>	<u><u>1,177,104</u></u>

The operating loss 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

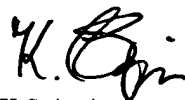
30 June 2014

Company Registration No. 0717607

	<i>Notes</i>	2014 £	2013 £
CURRENT ASSETS			
Debtors	5	110,946	13,649,818
Cash at bank and in hand		-	14
		<u>110,946</u>	<u>13,649,832</u>
CREDITORS: Amounts falling due within one year	6	(65,423)	(1,930,441)
NET ASSETS		<u>45,523</u>	<u>11,719,391</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	45,423	11,719,291
SHAREHOLDER'S FUNDS	9	<u>45,523</u>	<u>11,719,391</u>

The financial statements on pages 7 to 12 were approved by the board of directors and authorised for issue on:

8 June 2015



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.

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 Holdings Limited, the ultimate parent company, plans to grow the business primarily through the diversification of its product and client base in both the retail and institutional space whilst operating either more closely in existing markets or expanding into new territories as well as leveraging existing customer relationships. The Board continues to strictly manage and control operating expenses reporting a further reduction year-on-year.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 3. The financial position of the company, its cash flows, and liquidity position currently remains stable.

The company has provided a guarantee in relation to the bank loan in its intermediate parent company: TIS Acquisitions Limited. In December 2014 an event of default occurred in relation to the TIS Acquisitions Limited's bank loan. The impact of this was that the loan became repayable on demand. The financial statements of TIS Acquisitions Limited have been prepared taking this matter into account. Should the company's bankers request repayment of the loan, TIS Management Services Limited would cease to be a going concern, however no material further adjustments would be required to reflect the impact of this event on the company's financial statements. To date the lender has not made any requested repayment of the loan, but this matter does give rise to a significant uncertainty regarding the financial position of the company. The group is currently considering various options as to how the loan can be refinanced.

The company's profit and loss account presents a loss for the year of £11,673,868. The company has net assets of £45,523.

The company's forecasts and projections, taking account of the potential future developments, as described above, but disregarding the immediate repayment of the bank loan, enable the directors to have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

TEP Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

1 TURNOVER

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

2	(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2014 £	2013 £
---	--	-----------	-----------

Operating (loss)/profit is stated after charging:			
Auditor's remuneration		2,520	2,520

EXCEPTIONAL COSTS

As a consequence of a review of the carrying value of investment in the company's ultimate parent company, the intercompany balances were rationalised and any necessary provisions made.

3	EMPLOYEES	2014 No.	2013 No.
---	-----------	-------------	-------------

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

Office and management	4	4
-----------------------	---	---

	2014 £	2013 £
Staff costs for above persons:		
Wages and salaries	66,664	69,020
Social security costs	9,200	8,835
	75,864	77,855

Director's remuneration is borne by TIS Group Limited, the immediate parent company, as it was in the year ended 30 June 2013.

4	TAXATION	2014 £	2013 £
	Based on the result for the period		
	UK corporation tax at 22.5% (2013: 23.75%)	-	(48,657)
	Adjustments in respect of previous periods	-	(33,842)
	Total current tax	-	(82,499)
	Deferred taxation:		
	Origination and reversal of timing differences	-	-
	Taxation payable	-	(82,499)

TEP Management Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

4	TAXATION (continued)	2014 £	2013 £
	(Loss)/Profit on ordinary activities before tax	(11,673,868)	1,094,605
	(Loss)/profit on ordinary activities multiplied by standard rate of 22.5% (2013: 23.75%)	(2,626,620)	259,969
	Loss carry back claim	-	(45,313)
	Expenses not deductible	2,811,823	-
	Adjustment in respect of previous periods	-	(33,842)
	Transfer pricing adjustments	14,441	18,401
	Group relief	(199,644)	(278,370)
	Difference in tax rate	-	(3,344)
	Current tax charge for year	-	(82,499)
5	DEBTORS	2014 £	2013 £
	Amounts owed by immediate parent undertaking	-	13,486,396
	Prepayments and accrued income	62,288	114,764
	Corporation tax	48,658	48,658
		110,946	13,649,818
6	CREDITORS: Amounts falling due within one year	2014 £	2013 £
	Amount owed to ultimate parent undertaking	-	65,724
	Amount owed to fellow subsidiaries	5,551	1,800,929
	Other tax and social security costs	57,352	61,268
	Accruals and deferred income	2,520	2,520
		65,423	1,930,441
7	SHARE CAPITAL	2014 £	2013 £
	Allotted, issued and fully paid: 100 ordinary shares of £1 each	100	100
8	PROFIT AND LOSS ACCOUNT	2014 £	2013 £
	1 July 2013	11,719,291	10,542,187
	(Loss)/Profit for the financial year	(11,673,868)	1,177,104
	30 June 2014	45,423	11,719,291

TEP Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2014	2013
		£	£
	(Loss)/Profit for the financial year	(11,673,868)	1,177,104
	Net movement in shareholders' funds	(11,673,868)	1,177,104
	Opening shareholders' funds	11,719,391	10,542,287
	Closing shareholders' funds	45,523	11,719,391

10 CONTINGENT LIABILITIES

The company has a cross-guarantee with its fellow subsidiary, TIS Acquisitions Limited, over the banking facilities provided by Commonwealth Bank of Australia, which is secured by a debenture over all the assets of the group. The amount of loans outstanding at the year end under this guarantee was £10.8m (2013: £11.8m).

11 ULTIMATE PARENT COMPANY

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.

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 year ended 30 June 2014 the company received valuation fees of £802,422 (2013: £1,045,155) from The Protected Asset TEP Fund Plc and £28,417 (2013: £41,058) from The Protected Capital Growth Fund Plc, companies in which TIS Group Limited and Absolute Assigned Policies Limited (a fellow subsidiary undertaking) owns management shares. At the balance sheet date, £28,943 (2013: £98,871) of valuation fees were accrued in prepayments and accrued income.