

TIS Holdings Limited

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2013

FRIDAY



L34MSJDS

LD6

28/03/2014

#53

COMPANIES HOUSE

Company Registration No. 6205091

TIS Holdings Limited

COMPANY INFORMATION

DIRECTORS

M Burt
K Spiteri
R Ezekiel

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

S G Hambros Bank
Guernsey Branch
St Julian's Avenue
St Peter Port
Guernsey GY1 3AE

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

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

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

TIS Holdings Limited

CONTENTS

	Page
Directors' report	3-5
Directors' responsibilities	6
Independent auditor's report	7
Consolidated profit and loss account	8
Consolidated statement of total recognised gains and losses	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated cash flow statement	12
Accounting policies	13-14
Notes to the financial statements	15-24

TIS Holdings Limited

DIRECTORS' REPORT

The directors submit their report and the group financial statements of TIS Holdings Limited for the year ended 30 June 2013

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company

The principal activities of the group during the year was that of trading in endowment policies, other financial products and ancillary services, the provision of management consultancy and valuation services and acting as an agent for trading in endowment policies and similar intermediary actions including the promotion, marketing and product structuring of alternative investments

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 in line with expectation and 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 outside of TEPs 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

Similar to its successful experience with TEPs, the Group will develop and manage products in-house to provide additional income streams to those generated from TEPs. The Board has recognised the market demand for a fund that is capable of delivering stable, non-correlated returns. To meet this demand, TIS is in the process of establishing the TIS Diversified Alternative Fund ("TDAF") and TIS Group (Jersey) Limited will be the investment manager of the fund

TDAF will be an open-ended investment company with a multi-strategy investment mandate investing in alternative investment assets/strategies, which will also include TEPs. The Group strongly believes it can grow the fund through its UK and international distribution network. PDLInternational has been actively collating market research and intelligence on TDAF since May 2012 and based on the indications received to date, the Group anticipates that TDAF should attract a significant level of investment from third parties, consequently generating fee income for the Group

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 group

The consolidated profit and loss account for the year is set out on page 8

GOING CONCERN

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review above. The financial position of the group, its cash flows, and liquidity position remains stable with continued cash generation year-on-year

TIS Holdings Limited

DIRECTORS' REPORT

Since the year end, the group has renegotiated its loan terms and based on various conditions being satisfied by 31 March 2014, at which point the loan facility of £10,800,000 will either be extended to a five year term, or expire on 31 March 2015. Should the latter rather than the former be the case, the Directors believe that the bank facilities can be further reviewed at 31 March 2015. The investor loan notes, management loan notes and deep discount bonds are repayable on the earlier of a sale or flotation of the company, the day after the repayment of the bank loan facilities or 31 December 2014. However, the Intercreditor Agreement signed by the holders of these loan notes and bonds on 22 June 2007, includes provision that the investor and management debt ranks below the senior debt owed to the bank and cannot be repaid until the bank debt has been fully discharged, without the prior consent of the bank. It is the opinion of the Directors, that the bank will not provide consent for the repayment (in whole or in part) of any of the investor loan notes, management loan notes or deep discount bonds within the next 12 months.

The consolidated profit and loss account presents an operating loss due to £11,000,000 of non-cash expenses, being impairment and amortisation of goodwill. The group has earnings before interest, tax, depreciation, amortisation and impairments of £1.3 million and there was an increase of £356k of cash during the 2013 financial year. The consolidated balance sheet presents net liabilities due to compounding loan note interest. However, this does not affect the liquidity of the business for the next 12 months because, in accordance with the loan note agreement, the loan notes only fall due after the bank loan has been fully repaid.

The group's forecasts and projections, taking account of the potential future developments, as described above, enable the directors to have a reasonable expectation that the company and the group have 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.

DIVIDENDS

The directors do not recommend the payment of a dividend (2012: £nil).

DIRECTORS

The following directors have held office since 1 July 2012:

M Biddulph (resigned 31 December 2012)

M Burt

A Iversen (resigned 29 November 2013)

K Spiteri

R Ezekiel (appointed 23 December 2013)

RISK

Interest rate risk

The directors monitor interest rates on an ongoing basis to ensure that any cash held is utilised to its full potential. As the movement in Libor is deemed to be minimal, the group does not hedge against interest rate movements.

Foreign exchange risk

The group has minimal foreign currency transactions and therefore the directors deem the risk of foreign exchange movements to be immaterial. As a result, the group does not hedge against foreign exchange movements.

Liquidity

The directors monitor the liquidity of the group on a daily basis. There are no credit terms offered to customers. As a result, the cash balance is maintained at a high level and the liquidity risk is deemed by the directors to be low.

TIS Holdings Limited

DIRECTORS' REPORT

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The company currently has in place, and has done for the year ended 30 June 2013, Directors and Officers liability insurance for the benefit of all directors of the company

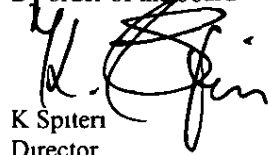
STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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

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

24 February 2014

TIS Holdings 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 group and the company and of the profit or loss of the group 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 state whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 group and company and to 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TIS Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIS HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 24. 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 of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2013 and of the group's 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.

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 parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

25 February 2014

TIS Holdings Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2013

	Notes	2013	2012
		£	£
TURNOVER	1	43,120,938	122,106,327
Cost of sales		(39,921,421)	(115,885,600)
GROSS PROFIT		<u>3,199,517</u>	<u>6,220,727</u>
Operating expenses		986,782	1,161,590
Amortisation of goodwill	6	3,879,001	3,879,002
Exceptional - impairment of goodwill	6	7,120,999	4,409,593
- abortive transaction costs		927,827	-
- group restructuring costs		-	(12,914,609)
		<u>(12,914,609)</u>	<u>512,932</u>
OPERATING LOSS		<u>(9,715,092)</u>	<u>(3,742,390)</u>
Investment income		10,720	-
Interest receivable		2,154	19,780
Interest payable and similar charges	2	(7,635,458)	(7,053,099)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(17,337,676)</u>	<u>(10,775,709)</u>
Tax credit (2012 charge)	5	84,706	(1,595,588)
LOSS FOR THE YEAR	16	<u><u>(17,252,970)</u></u>	<u><u>(12,371,297)</u></u>

The operating loss for both years arises from the group's continuing operations

TIS Holdings Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 June 2013

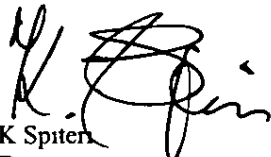
	2013	2012
	£	£
Loss for the financial year	(17,252,970)	(12,371,297)
Unrealised surplus on trade investments	-	5,948
Total recognised gains and losses relating to the year	(17,252,970)	(12,365,349)

TIS Holdings Limited
CONSOLIDATED BALANCE SHEET
30 June 2013

Company Registration No. 6205091

	<i>Notes</i>	2013 £	2012 £
FIXED ASSETS			
Intangible assets	6	25,000,000	36,000,000
Tangible assets	7	8,394	9,243
Investments	8	11,099	164,406
		<u>25,019,493</u>	<u>36,173,649</u>
CURRENT ASSETS			
Deferred tax	9	-	7,793
Debtors	10	350,299	461,023
Cash at bank and in hand		2,031,146	1,674,851
		<u>2,381,445</u>	<u>2,143,667</u>
CREDITORS: Amounts falling due within one year	11	(13,208,719)	(9,076,301)
NET CURRENT LIABILITIES		<u>(10,827,274)</u>	<u>(6,932,634)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,192,219</u>	<u>29,241,015</u>
CREDITORS: Amounts falling due after more than one year	12	(49,617,023)	(47,412,849)
NET LIABILITIES		<u>(35,424,804)</u>	<u>(18,171,834)</u>
CAPITAL AND RESERVES			
Called up share capital	13	17,472	17,472
Share premium account	14	66,528	66,528
Revaluation reserve	15	10,000	(30,058)
Profit and loss account deficit	16	(35,518,804)	(18,225,776)
SHAREHOLDERS' DEFICIT	17	<u>(35,424,804)</u>	<u>(18,171,834)</u>

Approved and authorised for issue by the board on 24 February 2014


K Spiteri
Director

TIS Holdings Limited
COMPANY BALANCE SHEET
30 June 2013

Company Registration No. 6205091

	<i>Notes</i>	2013 £	2012 £
FIXED ASSETS			
Investments	8	252,920	252,920
		<u>252,920</u>	<u>252,920</u>
CURRENT ASSETS			
Debtors	10	130,833	98,039
Cash at bank and in hand		3,784	3,796
		<u>134,617</u>	<u>101,835</u>
CREDITORS: Amounts falling due within one year	11	(719,952)	(603,664)
NET CURRENT LIABILITIES		<u>(585,335)</u>	<u>(501,829)</u>
NET LIABILITIES		<u>(332,415)</u>	<u>(248,909)</u>
CAPITAL AND RESERVES			
Called up share capital	13	17,472	17,472
Share premium account	14	66,528	66,528
Profit and loss account deficit	16	(416,415)	(332,909)
SHAREHOLDERS' DEFICIT	17	<u>(332,415)</u>	<u>(248,909)</u>

Approved and authorised for issue by the board on ~~24~~ February 2014


K Spiteri
Director

TIS Holdings Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2013

	<i>Notes</i>	2013 £	2012 £
Cash inflow from operating activities	18a	1,729,366	3,408,499
Returns on investments and servicing of finance	18b	(429,130)	(600,311)
Taxation		(1,949)	(180,005)
Capital expenditure, financial investment and acquisitions	18b	158,745	(4,190)
CASH INFLOW BEFORE FINANCING		<u>1,457,032</u>	<u>2,623,993</u>
Financing repayment of bank loans		(1,100,737)	(5,607,346)
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>356,295</u>	<u>(2,983,353)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2013 £	2012 £
Increase/(decrease) in cash in the year	356,295	(2,983,353)
Cash outflow from change in debt	1,100,737	5,607,346
Change in net debt resulting from cashflows	<u>1,457,032</u>	<u>2,623,993</u>
Interest rolled up on loans	(7,204,174)	(6,433,008)
MOVEMENT IN NET DEBT IN THE YEAR	<u>(5,747,142)</u>	<u>(3,809,015)</u>
NET DEBT AT 1 JULY 2012	(53,638,735)	(49,829,720)
NET DEBT AT 30 JUNE 2013	18c <u>(59,385,877)</u>	<u>(53,638,735)</u>

TIS Holdings Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of trade investments and in accordance with applicable accounting standards. Deferred tax is measured on a non-discounted basis.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of TIS Holdings Limited and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill.

INTANGIBLE ASSETS - GOODWILL

Goodwill being the excess of cost of an acquisition over the fair value attributed to the net assets at acquisition is capitalised and written off evenly over 15 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Plant and machinery	3 years
Fixtures, fittings and equipment	3 - 5 years

INVESTMENTS

Listed investments are valued at the mid-market value at the balance sheet date. Unlisted investments are stated at cost.

IMPAIRMENTS

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the profit and loss account.

DEFERRED TAXATION

Deferred tax is recognised in respect of all material 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 Group'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 on a non-discounted basis. Deferred tax assets are only recognised when the directors consider it more likely than not that they will be realised.

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.

TIS Holdings Limited

ACCOUNTING POLICIES

OPERATING LEASES

Where leasing agreements do not give rights approximating to ownership, they are defined as operating leases. The annual rentals are charged to profit and loss on a straight line basis over the lease term.

TURNOVER

Turnover represents the value, net of Value Added Tax, of goods sold and services provided to customers. Proceeds from the sale of endowment policies are included in the profit and loss account on completion.

GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis. TIS Holdings Limited 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 group'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 group, its cash flows, and liquidity position remains stable with continued cash generation year-on-year.

Since the year end, the group has renegotiated its loan terms and based on various conditions being satisfied by 31 March 2014, at which point the loan facility of £10,800,000 will either be extended to a five year term, or expire on 31 March 2015. Should the latter rather than the former be the case, the Directors believe that the bank facilities can be further reviewed at 31 March 2015. The investor loan notes, management loan notes and deep discount bonds are repayable on the earlier of a sale or flotation of the company, the day after the repayment of the bank loan facilities or 31 December 2014. However, the Intercreditor Agreement signed by the holders of these loan notes and bonds on 22 June 2007, includes provision that the investor and management debt ranks below the senior debt owed to the bank and cannot be repaid until the bank debt has been fully discharged, without the prior consent of the bank. It is the opinion of the Directors, that the bank will not provide consent for the repayment (in whole or in part) of any of the investor loan notes, management loan notes or deep discount bonds within the next 12 months.

The consolidated profit and loss account presents an operating loss due to £11,000,000 of non-cash expenses, being impairment and amortisation of goodwill. The group has EBITDA of £1.3 million and there was an increase of £356k of cash during the 2013 financial year. The consolidated balance sheet presents net liabilities due to compounding loan note interest. However, this does not affect the liquidity of the business for the next 12 months because, in accordance with the loan note agreement, the loan notes only fall due after the bank loan has been fully repaid.

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

FOREIGN EXCHANGE RISK

The group has minimal foreign currency transactions and therefore the directors deem the risk of foreign exchange movements to be immaterial. As a result, the group does not hedge against foreign exchange movements.

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The group's turnover and loss before taxation were all derived from its principal activities wholly undertaken in the United Kingdom

2	INTEREST PAYABLE AND SIMILAR CHARGES	2013 £	2012 £
	Bank loans	431,284	878,497
	Loan notes	7,204,174	6,174,602
		<u>7,635,458</u>	<u>7,053,099</u>

3	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2013 £	2012 £
	Loss on ordinary activities before taxation is stated after charging /(crediting)		
	Profit on disposal of fixed asset investments	(10,720)	-
	Depreciation	6,131	7,444
	Operating leases – land and buildings	35,819	35,819
	Amortisation of goodwill	3,879,001	3,879,002
	Impairment of goodwill	7,120,999	4,409,593
	Auditors' remuneration		
	Audit services		
	- Statutory audit of parent and consolidated financial statements	47,500	42,500
	Other services		
	- Other services relating to taxation	11,750	15,450
	- Corporate finance transactions	134,135	185,540
		<u></u>	<u></u>

4	EMPLOYEES	2013 No	2012 No
	The average monthly number of persons (including directors) employed by the group during the year was		
	Office and management	10	12
		<u></u>	<u></u>
		£	£
	Staff costs for the above persons		
	Wages and salaries	373,698	498,145
	Social security costs	62,618	64,724
		<u>436,316</u>	<u>562,869</u>
	DIRECTORS		
	In respect of the directors of TIS Holdings Limited		
	Emoluments	106,014	138,505
		<u></u>	<u></u>

No directors accrued retirement benefits under money purchase schemes in either year

Directors' emoluments disclosed above include emoluments paid to the highest paid director of £101,014 (2012 £133,505)

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

5

TAXATION	2013 £	2012 £
Current tax:		
UK corporation tax on loss for the year – credit (2012 charge)	58,657	(177,060)
Adjustments in respect of previous periods	33,842	(91,271)
Total current tax	<u>92,499</u>	<u>(268,331)</u>
Deferred tax		
Origination and reversal of timing differences	(7,793)	(1,327,257)
Tax credit (2012: charge)	<u>84,706</u>	<u>(1,595,588)</u>
	<u>2013</u> <u>£</u>	<u>2012</u> <u>£</u>
Factors affecting tax charge for year:		
Loss on ordinary activities before tax	17,337,676	10,775,709
Loss on ordinary activities multiplied by effective rate of corporation tax of 23.75% (2012: 25.5%)	4,117,699	2,904,086
Effects of		
Expenses not deductible for tax purposes	(2,329,752)	(2,270,261)
Capital allowances (less than) / in excess of depreciation	1,438	680
Other timing difference	(1,732,197)	(817,048)
Adjustment to previous periods	33,842	(91,271)
Difference in tax rate	1,469	5,483
Tax credit (2012: charge) for the year	<u>92,499</u>	<u>(268,331)</u>

6

INTANGIBLE FIXED ASSETS	Purchased goodwill £	Consolidation goodwill £	Total goodwill £
Cost			
1 July 2012 and 30 June 2013	7,218,203	50,966,520	58,184,723
Amounts written off			
1 July 2012	779,941	21,404,782	22,184,723
Amortisation	479,963	3,399,038	3,879,001
Impairment	1,358,299	5,762,700	7,120,999
30 June 2013	<u>2,618,203</u>	<u>30,566,520</u>	<u>33,184,723</u>
Net book value			
30 June 2013	4,600,000	20,400,000	25,000,000
30 June 2012	<u>6,438,262</u>	<u>29,561,738</u>	<u>36,000,000</u>

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

6 INTANGIBLE FIXED ASSETS (continued)

The impairment in the year arose following an independent group valuation. The independent valuation estimates the recoverable amounts of the CGUs from the value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and allocated costs during the period. The rate used to discount the forecast cash flows is 35.0%. The growth rates are based on the Group's own forecast from FY2013 through FY2016 with a growth rate into perpetuity of 2% applied post FY 2016. Changes in revenues and direct costs are based on past practice and expectations of future changes in the market.

7 TANGIBLE FIXED ASSETS

GROUP	Plant & machinery £	Fixtures, fittings & equipment £	Total £
Cost			
1 July 2012	133,304	211,555	344,859
Additions	5,282	-	5,282
30 June 2013	138,586	211,555	350,141
Depreciation			
1 July 2012	124,067	211,549	335,616
Charged in the year	6,125	6	6,131
30 June 2013	130,192	211,555	341,747
Net book amount			
30 June 2013	8,394	-	8,394
30 June 2012	9,237	6	9,243

8 INVESTMENTS

GROUP	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
1 July 2012	153,406	19,785	173,191
Disposal	(153,307)	-	(153,307)
30 June 2013	99	19,785	19,884
Provisions for diminution in value			
1 July 2012 and 30 June 2013	-	8,785	8,785
Net book amount			
30 June 2013	99	11,000	11,099
30 June 2012	153,406	11,000	164,406

The historic cost of the listed investments were £99 (2012 £121,790)

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

8	INVESTMENTS(continued)	Shares in subsidiary undertakings £
	COMPANY	
	Cost	
	1 July 2012 and 30 June 2013	252,920

At 30 June 2013, the company held more than 20 per cent of the equity of the following undertakings

Company	Shares held Class	%	Nature of business
Subsidiary undertakings:			
TIS Acquisitions Limited	Ordinary	100%	Intermediate holding company
TIS Group Limited	Ordinary	100%	Second hand endowment policy trading
TEP Management Services Limited	Ordinary	100%	Management consultancy and valuation services
Absolute Assigned Policies Limited	Ordinary	100%	Insurance and financial services, including promotion and marketing of alternative investments

TIS Holdings Limited directly holds 100% of TIS Acquisitions Limited, and indirectly holds 100% of TIS Group Limited, TEP Management Services Limited and Absolute Assigned Policies Limited

	Country of registration	Shares held Class	%	Nature of business
Other significant interests:				
The Protected Asset TEP Fund Plc	Isle of Man	Management	100%	Investment Fund
The Protected Capital Growth Fund Plc	Isle of Man	Management	100%	Investment Fund

The directors have not treated the above investments in which the group holds management shares as subsidiaries and therefore has not consolidated these funds within the group's figures as, in the directors' opinion, the group has no effective control of these funds and derives no benefit from them. Furthermore in the directors' opinion to consolidate the funds would result in a misleading position in relation to the results for the period and the financial position at the balance sheet date.

9	DEFERRED TAXATION	Deferred taxation £
	Group	
	1 July 2012	7,793
	Profit and loss account	(7,793)
	30 June 2013	-
	The deferred tax asset comprised the excess of depreciation over capital allowance	

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

10	DEBTORS	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
	Amounts owed by group undertakings	-	66,650	-	65,724
	Other debtors	142,014	63,991	118,379	-
	Prepayments and accrued income	149,818	192	195,758	32,315
	Taxes	-	-	146,886	-
	Corporation tax recoverable	58,467	-	-	-
		<u>350,299</u>	<u>130,833</u>	<u>461,023</u>	<u>98,039</u>
11	CREDITORS: Amounts falling due within one year	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
	Bank loans	11,800,000	-	7,900,737	-
	Trade creditors	286,185	79,599	556,436	150,092
	Amounts owed to group undertakings	-	640,353	-	453,572
	Corporation tax	-	-	115,981	-
	Taxes and social security costs	56,859	-	-	-
	Other creditors	92,895	-	46,126	-
	Accruals and deferred income	972,780	-	457,021	-
		<u>13,208,719</u>	<u>719,952</u>	<u>9,076,301</u>	<u>603,664</u>

The bank loans are secured by forced and floating charge over all the assets of the group

12	CREDITORS: Amounts falling due after more than one year	Group 2013 £	Group 2012 £
	Bank loans	-	5,000,000
	Loan notes	49,617,023	42,412,849
		<u>49,617,023</u>	<u>47,412,849</u>

The bank loans are secured by a fixed and floating charge over all the assets of the group. Interest is payable on the loans at 3.50% above LIBOR.

The bank loans held at 30 June 2013 were due to mature on 30 June 2014. Since the year end, the group renegotiated its loan terms and based on various conditions being satisfied by 31 January 2014, the loan facility of £10,800,000 will either be extended to a five year term, or expire on 31 January 2015.

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

12 CREDITORS: Amounts falling due after more than one year (continued)

Loan Notes	Group 2013 £	Group 2012 £
Investor loan notes	23,874,368	20,407,916
Management loan notes	21,622,499	18,483,007
Deep discount bond	4,120,156	3,521,926
	<u>49,617,023</u>	<u>42,412,849</u>

The loan notes will be repaid on the earlier of

- i) a sale or floatation of the company,
- ii) the day after the repayment of the bank loan facilities noted above, and
- iii) 31 December 2014

The Intercreditor Agreement signed by the holders of the investor loan notes, management loan notes and deep discount bonds on 22 June 2007, ranks the investor and management debt below the senior debt owed to the bank and cannot be repaid until the bank debt has been fully discharged, without the prior consent of the bank. It is the opinion of the Directors, that the bank will not provide consent for the repayment (in whole or in part) of any of the investor loan notes, management loan notes or deep discount bonds within the next 12 months. Upon repayment of the bank loan facilities all loan notes become repayable on demand.

The investor loan notes accrue interest at the rate of 16% per annum, which will not be payable until the final repayment of the principle of the stock. Payment in Kind (PIK) notes have been issued in lieu of interest on the same terms as the original notes. The investor loan notes and PIK notes are quoted on the Channel Islands Stock Exchange.

The management loan notes accrue interest at the rate of 16% per annum, which will not be payable until the final repayment of the principle of the stock.

13 SHARE CAPITAL

	Group 2013 £	Group 2012 £
Allotted, called up and fully paid:		
67,200 ordinary 'A' shares of £0.01 each	672	672
16,800 ordinary 'B' shares of £1 each	16,800	16,800
	<u>17,472</u>	<u>17,472</u>

The 'A' and 'B' ordinary shares rank *paripassu* as regards dividends rights. On a return of capital on liquidation the 'A' ordinary shareholders are entitled to a sum equal to the issue price first, the 'B' shareholders are secondly entitled to the issue price, any balance being distributed *paripassu*. The shares rank *paripassu* as regards voting rights except for certain situations specified in the Articles of Association when the 'B' shares cease to have a right to vote. These certain situations are

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

- a proposed resolution (i) for the winding-up of TIS Holdings Limited (the "Company") (ii) for a reduction in the capital of the Company, or (iii) varying any of the rights attaching to the A ordinary shares,

- if the reasonable opinion of the Institutional Investor, the Company is in material breach of the provisions of these Articles and/or the Investment Agreement, or,

-if in the reasonable opinion of the Institutional Investor, the Company and/or any other Group Company is in material breach of any of the terms of the Finance Documents or the terms of the Institutional Loan Note Instrument

14	SHARE PREMIUM	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
	1 July 2012 and 30 June 2013	66,528	66,528	66,528	66,528
15	REVALUATION RESERVE	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
	1 July 2012	(30,058)	-	(36,006)	-
	Revaluation during the year	-	-	5,948	-
	Transfer to profit and loss account	40,058	-	-	-
	30 June 2013	10,000	-	(30,058)	-
16	PROFIT AND LOSS ACCOUNT	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
	1 July 2012 - deficit	(18,225,776)	(332,909)	(5,854,479)	(258,906)
	Loss for the financial year	(17,252,970)	(83,506)	(12,371,297)	(74,003)
	Transfer from revaluation reserve	(40,058)	-	-	-
	30 June 2013 - deficit	(35,518,804)	(416,415)	(18,225,776)	(332,909)

In accordance with s408 of the Companies Act 2006, TIS Holdings Limited has not presented its own profit and loss account

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

17	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
	Loss for the financial year	(17,252,970)	(83,506)	(12,371,297)	(74,003)
	Revaluation during year	-	-	5,948	-
	Net deduction from shareholders' funds	(17,252,970)	(83,506)	(12,365,349)	(74,003)
	Opening shareholders' deficit	(18,171,834)	(248,909)	(5,806,485)	(174,906)
	Closing shareholders' deficit	(35,424,804)	(332,415)	(18,171,834)	(248,909)
18	CASH FLOWS			2013 £	2012 £
a	Reconciliation of operating loss to net cash inflow from operating activities				
	Operating loss			(9,715,092)	(3,742,390)
	Depreciation			6,131	7,445
	Amortisation			3,879,001	3,879,002
	Impairment			7,120,999	4,409,593
	Decrease in debtors			169,191	453,596
	Increase/(decrease) in creditors			269,136	(1,598,747)
	Net cash inflow from operating activities			1,729,366	3,408,499
b	Analysis of cash flows for headings netted in the cash flow			2013 £	2012 £
	Returns on investments and servicing of finance				
	Interest received			2,154	19,780
	Interest paid			(431,284)	(620,091)
	Net cash outflow from returns on investments and servicing of finance			(429,130)	(600,311)
	Capital expenditure, financial investment and acquisitions				
	Proceeds from sale of listed investments			164,027	-
	Purchase of tangible fixed assets			(5,282)	(4,190)
	Net cash inflow/(outflow) from capital expenditure, financial investment and acquisitions			158,745	(4,190)

TIS Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

c	Analysis of net funds	At 30 June 2012 £	Cash- flow £	Other non- cash changes £	At 30 June 2013 £
	Cash at bank and in hand	1,674,851	356,295	-	2,031,146
	Bank loans within one year	(7,900,737)	1,100,737	(5,000,000)	(11,800,000)
	Bank loans after one year	(5,000,000)	-	5,000,000	-
	Loan notes after one year	(42,412,849)	-	(7,204,174)	(49,617,023)
	Total	(53,638,735)	1,457,032	(7,204,174)	(59,385,877)
19	COMMITMENTS UNDER OPERATING LEASES	Group 2013 £	Company 2013 £	Group 2012 £	Company 2012 £
	At 30 June 2013				
	Land and buildings				
	- expiring in the second to fifth years	35,819	35,819	35,819	35,819

20 RELATED PARTY TRANSACTIONS

The company has taken advantage of the FRS 8 exemption from disclosing transactions between wholly owner members of the group

During the year ended 30 June 2013 the group has made sales and earned commissions totalling £8,171,585 (2012 £57,604,985) from The Protected Asset TEP Fund (PATF), a company in which TIS Group Limited (a subsidiary undertaking) owns management shares

In addition, TEP Management Services Limited received valuation fees of £1,045,155 (2012 £1,649,780) from The Protected Asset TEP Fund Plc and £41,058 (2012 £57,685) from The Protected Capital Growth Fund Plc (a company in which TIS Group Limited owns management shares) At the balance sheet date £98,871 (2012 £104,000) of valuation fees were accrued in prepayments and accrued income

Premises rental and insurance costs totalling £35,819 (2012 £35,819) have been charged by WFTG LLP, a partnership owned by LRJ Portnoi and D Arnold, who are shareholders of TIS Holdings Limited

Monitoring fees totalling £64,280 (2012 £64,280) have been charged by Promethean Investments Fund LP in the year The company paid professional fees during the year of £63,991 (2012 £nil) on behalf of Promethean Investments Fund LP Promethean Investments Fund LP is the controlling shareholder of the group There was an outstanding amount owed by Promethean Investment Fund LP at the year end of £63,991 (2012 amount owed to of £38,568)

Promethean Investments Fund LP, which has a majority shareholding in the company, provided a loan in the period to TIS Acquisitions Limited, a subsidiary of TIS Holdings Limited At the balance sheet date, the amount due, including unpaid interest, totalled £23,874,368 (2012 £20,407,916) The terms of the loan are set out in note 12 and the interest payable on the loan in the year was £3,466,452 (2012 £2,970,494)

TIS Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

20 RELATED PARTY TRANSACTIONS (continued)

A group of investors, who include the shareholders of the company, LRJ Portnoi and D Arnold have provided a loan (management loan notes) to TIS Acquisitions Limited, a subsidiary of the company, which together with unpaid interest totalled £21,622,499 (2012 £18,483,007) as at the year end. The terms of the loan are set out in note 12 and the interest payable on the loan in the year was £3,139,492 (2012 £2,690,311).

Alversen a director received consultancy fees of £nil (2012 £98,986). In addition, consultancy fees of £133,719 (2012 £33,226) were paid to Wolds Consultancy Services Limited for services provided by A Iversen.

21 CONTINGENT LIABILITIES

TIS Acquisitions Limited, a subsidiary of TIS Holdings Limited, has a cross guarantee with all other group companies over the banking facilities provided by Commonwealth Bank of Australia. The cross guarantee is secured by a debenture over all of the assets of the group. The amount of the loans outstanding at the year end was £11,800,000 (2012 £12,900,737).