

**TIS Holdings Limited**  
**ANNUAL REPORT AND CONSOLIDATED**  
**FINANCIAL STATEMENTS**

**Year ended 30 June 2010**



**Company Registration No. 6205091**

# **TIS Holdings Limited**

## **COMPANY INFORMATION**

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### **DIRECTORS**

M Biddulph  
M Burt  
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

# **TIS Holdings Limited**

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# **TIS Holdings Limited**

## **DIRECTORS' REPORT**

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The directors submit their report and the group financial statements of TIS Holdings Limited for the year ended 30 June 2010

### **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

### **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 directors believe that the restructured business is well placed to take advantage of future opportunities in the market. The loss for the financial year is due to the transitional year the group experienced and therefore the directors believe that this position will improve in the near future

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 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 cashflows, liquidity position and borrowing facilities remains stable with continued cash generation year-on-year. Facility A was fully paid up in August 2010 and voluntary repayments against Facility B were also made at the same time. As with the prior year, the group continues to make repayments ahead of the scheduled repayments set out in the agreement. The consolidated balance sheet presents net liabilities due to compounding loan note interest, however, as described in note 14, payment will only be made in accordance with the conditions of the loan notes and therefore does not affect the liquidity of the business for the next 12 months

For this reason they adopt the going concern basis in preparing the financial statements

### **DIVIDENDS**

The directors do not recommend the payment of a dividend (2009 £Nil)

### **DIRECTORS**

The following directors have held office in the year

D Arnold	(Resigned 8 January 2010)
M Burt	
A Iversen	
L Portnoi	(Resigned 8 January 2010)
C Radford	
M Biddulph	
Sir Peter Burt	(Resigned 19 November 2009)
S Goldsmith	(Resigned 17 July 2009)

# TIS Holdings Limited

## DIRECTORS' REPORT

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### CREDITOR PAYMENT POLICY

The group's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that the suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 2 91 (2009 1 82) days purchases

### POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the group made charitable donations of £421 (2009 £928) to major charitable organisations  
No political donations were made

### 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. The group mitigates its exposure to movements in interest rates by hedging its facilities.

#### Foreign exchange risk

The group has no foreign currency transactions and therefore the directors deem the risk of foreign exchange movements to be nil. 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.

### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The company currently has in place, and has done for the year ended 30 June 2010, Directors and Officers Liability insurance for the benefit of all directors of the company.

### SUBSTANTIAL SHAREHOLDINGS

The company had the following substantial shareholdings as at 30 June 2010

	Number of ordinary 'A' shares of £0.01	Number of ordinary 'B' shares of £1	Percentage of issued share capital
Promethean Investments Fund LP	42,840	3,360	55%
L Portnoi	10,920	-	13%
D Arnold	10,080	-	12%
A Iversen	-	10,080	12%
The Executors of N Bruce Copp	3,360	-	4%
C Radford	-	3,360	4%

### 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 has 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.

# **TIS Holdings Limited**

## **DIRECTORS' REPORT**

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### **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

**M Burt**  
**Director**

28 October 2010

A handwritten signature in black ink, appearing to read 'M Burt', is written over the printed name and title.

# **TIS Holdings 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 the group 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**

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We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 26. 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 auditors**

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 group's and parent company's affairs as at 30 June 2010 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.

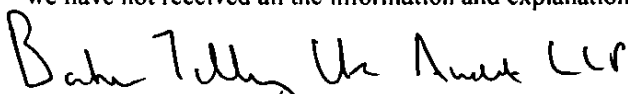
### **Opinion on other matters prescribed by the Companies Act 2006**

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  
2 Bloomsbury Street  
London WC1B 3ST

28 October 2010



**TIS Holdings Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 June 2010**

	Notes	2010 £	2009 £
<b>TURNOVER</b>	1	32,196,858	213,519,618
Cost of sales		(26,490,070)	(200,687,252)
<b>GROSS PROFIT</b>		<u>5,706,788</u>	<u>12,832,366</u>
Net operating expenses	2	(5,823,916)	(6,821,381)
<b>OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS</b>		<u>(117,128)</u>	<u>6,010,985</u>
Exceptional items	3	-	(41,567)
<b>OPERATING (LOSS)/PROFIT AFTER EXCEPTIONAL ITEMS</b>		<u>(117,128)</u>	<u>5,969,418</u>
Other interest receivable and similar income		5,967	261,044
Interest payable and similar charges	4	(4,709,196)	(5,433,821)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<u>(4,820,357)</u>	<u>796,641</u>
Taxation	7	376,975	(916,126)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	20	<u><u>(4,443,382)</u></u>	<u><u>(119,485)</u></u>

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

# **TIS Holdings Limited**

## **CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 June 2010**

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	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Loss for the financial year</b>	<b>(4,443,382)</b>	<b>(119,485)</b>
<b>Unrealised surplus/(deficit) on trade investments</b>	<b>15,367</b>	<b>(64,380)</b>
<b>Total recognised gains and losses relating to the year</b>	<b>(4,428,015)</b>	<b>(183,865)</b>

**TIS Holdings Limited**  
**CONSOLIDATED BALANCE SHEET**  
**30 June 2010**

	<i>Notes</i>	<b>2010</b> £	<b>2009</b> £
<b>FIXED ASSETS</b>			
Intangible assets	8	40,788,155	44,187,194
Tangible assets	9	29,784	67,896
Investments	10	152,912	137,545
		<u>40,970,851</u>	<u>44,392,635</u>
<b>CURRENT ASSETS</b>			
Deferred tax	11	1,436,985	881,917
Debtors	12	1,217,336	735,259
Cash at bank and in hand		3,106,966	1,190,523
		<u>5,761,287</u>	<u>2,807,699</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	(2,550,031)	(2,277,491)
<b>NET CURRENT ASSETS</b>		<u>3,211,256</u>	<u>530,208</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>44,182,107</u>	<u>44,922,843</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(44,659,354)	(40,972,075)
<b>NET (LIABILITIES)/ASSETS</b>		<u>(477,247)</u>	<u>3,950,768</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	17,472	17,472
Share premium account	17	66,528	66,528
Revaluation reserve	18	(41,452)	(56,819)
Profit and loss account	19	(519,795)	3,923,587
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>	20	<u>(477,247)</u>	<u>3,950,768</u>

Approved and authorised for issue by the board on 28 October 2010

M Burt

Director



**TIS Holdings Limited**  
**COMPANY BALANCE SHEET**  
**30 June 2010**

	<i>Notes</i>	<b>2010</b> £	<b>2009</b> £
<b>FIXED ASSETS</b>			
Investments	10	252,920	252,920
		<u>252,920</u>	<u>252,920</u>
<b>CURRENT ASSETS</b>			
Debtors	12	46,804	58,174
Cash at bank and in hand		3,788	4,097
		<u>50,592</u>	<u>62,271</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	(415,662)	(351,942)
<b>NET CURRENT LIABILITIES</b>		<u>(365,070)</u>	<u>(289,671)</u>
<b>NET LIABILITIES</b>		<u>(112,150)</u>	<u>(36,751)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	17,472	17,472
Share premium account	17	66,528	66,528
Profit and loss account	19	(196,150)	(120,751)
<b>SHAREHOLDERS' DEFICIT</b>	20	<u>(112,150)</u>	<u>(36,751)</u>

Approved and authorised for issue by the board on 28 October 2010

M Burt                      **Director**



**TIS Holdings Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 30 June 2010**

	<i>Notes</i>	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
Cash inflow from operating activities	21a	3,446,331	8,850,320
Returns on investments and servicing of finance	21b	(692,623)	(1,743,189)
Taxation		(420,998)	(3,237,439)
Capital expenditure and financial investment	21b	(564)	(8,826)
Acquisitions and disposals	21b	-	-
<b>CASH INFLOW BEFORE FINANCING</b>		<u>2,332,146</u>	<u>3,860,866</u>
Financing	21b	(415,703)	(11,963,369)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<u>1,916,443</u>	<u>(8,102,503)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
Increase/(decrease) in cash in the year	1,916,443	(8,102,503)
Cash Inflow from change in debt	183,137	11,801,450
Change in net debt resulting from cashflows	<u>2,099,580</u>	<u>3,698,947</u>
Interest rolled up on loans	(3,778,039)	(3,267,668)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<u>(1,678,459)</u>	<u>431,279</u>
<b>NET DEBT AT 1 JULY 2009</b>	(40,197,255)	(40,628,534)
<b>NET DEBT AT 30 JUNE 2010</b>	<u>21c</u> <u>(41,875,714)</u>	<u>(40,197,255)</u>

# **TIS Holdings Limited**

## **ACCOUNTING POLICIES**

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### **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

### **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.

### **GOODWILL**

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired 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 effective.

### **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
Motor vehicles	3 years
Fixtures, fittings and equipment	3 - 5 years

### **STOCKS**

Stocks are valued at the lower of cost and net realisable value.

### **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 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 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.

### **INVESTMENTS**

Long term investments are described as participating interests and are classified as fixed assets. Short term investments are classified as current assets.

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

Provision is made for any impairment in the value of investments.

### **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.

# **TIS Holdings Limited**

## **ACCOUNTING POLICIES**

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### **RETIREMENT BENEFITS**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### **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.

**TIS Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

**1 TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

**2 NET OPERATING EXPENSES**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>

Administrative expenses	5,823,915	6,821,381
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**3 EXCEPTIONAL ITEMS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>

One-off Professional Fees, Aborted IPO and similar costs	-	41,567
	-	41,567

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>

Bank loans	931,157	2,094,741
Bank overdraft	-	71,412
Loan notes	3,778,039	3,267,668
	4,709,196	5,433,821

**5 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)

Profit on disposal of fixed assets	(465)	-
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Depreciation and amounts written off tangible fixed assets

Charge for the period		
Owned assets	39,141	45,178

Operating leases – land and buildings	117,000	117,000
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Amortisation of Goodwill	3,399,038	3,399,038
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Auditors' remuneration - audit (Baker Tilly)	38,244	45,192
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- audit (ABG)	4,000	4,000
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- tax compliance (Baker Tilly)	2,200	20,876
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- tax compliance (ABG)	1,200	1,000
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- tax advice	21,000	14,593
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- transaction services	-	12,831
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**TIS Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

<b>6</b>	<b>EMPLOYEES</b>	<b>2010</b>	<b>2009</b>
		<b>No</b>	<b>No</b>
	The average monthly number of persons (including directors) employed by the group during the year was		
	Office and management	34	63
		<b>£</b>	<b>£</b>
	Staff costs for the above persons		
	Wages and salaries	1,526,423	2,220,157
	Social security costs	140,606	209,478
	Other pension costs	349	9,516
		1,667,378	2,439,151
	<b>DIRECTORS</b>		
	In respect of the directors of TIS Holdings Limited		
	Emoluments	428,072	596,441
	Money purchase pension contributions	349	7,849
		428,421	604,290
		<b>No.</b>	<b>No.</b>
	The number of directors to whom retirement benefits are accruing under defined contribution schemes was	-	2
	Directors' emoluments disclosed above include the following payments	<b>Highest paid director</b>	
		<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Emoluments	255,145	316,729
		255,145	316,729
<b>7</b>	<b>TAXATION</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	<b>Current tax:</b>		
	UK corporation tax on profits of the year	157,238	1,611,553
	Adjustments in respect of previous periods	20,855	(222,506)
	<b>Total current tax</b>	178,093	1,389,047
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(555,068)	(472,921)
	<b>Total deferred tax</b>	(555,068)	(472,921)
	<b>Tax on profit on ordinary activities</b>	(376,975)	916,126

# TIS Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 June 2010

<b>7</b>	<b>TAXATION (continued)</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	<b>Factors affecting tax charge for year:</b>		
	Profit on ordinary activities before tax	(4,820,357)	796,641
	Profit on ordinary activities multiplied by standard rate of corporation tax of 28% (2009 28%)	(1,349,700)	223,060
	Effects of		
	Expenses not deductible for tax purposes	953,208	10,866
	Transfer pricing adjustments	(1,234)	-
	Capital allowances in excess of depreciation	6,144	4,717
	Amortisation of goodwill		951,732
	Other tax adjustments	548,820	421,178
	Adjustment to previous periods	20,855	(222,506)
	<b>Tax charge for the year</b>	<b>178,093</b>	<b>1,389,047</b>
<b>8</b>	<b>INTANGIBLE FIXED ASSETS</b>		<b>Consolidation</b>
			<b>Goodwill</b>
			<b>£</b>
	<b>Cost</b>		
	1 July 2009 and 30 June 2010		50,985,270
	<b>Amounts written off</b>		
	1 July 2009		6,798,076
	Amortisation		3,399,039
	30 June 2010		10,197,115
	<b>Net book value</b>		
	30 June 2010		40,788,155
	30 June 2009		44,187,194

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination

- The group tests goodwill for impairment if there are indications that goodwill may have been impaired
- The recoverable amounts of the CGUs are determined 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. Management estimates discount rates using pre-tax that reflect current market assessments of the time value of money and the risks specific to the CGUs. The rate used to discount the forecast cash flows is 9.7%. The growth rates are based on the Group's own forecast with nil growth forecasted over the forthcoming year. Changes in revenues and direct costs are based on past practice and expectations of future changes in the market.
- The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the board for the next three financial years and extrapolates cash flows for the following two years based on the estimated growth rates of 21% for 2011/12 and 32% in 2012/13 running in parallel with the funds' policy maturity profile.
- On the assumption that there was a decrease in the growth rate to 21% for 2010/11 and 2011/12 goodwill would not be impaired.

**TIS Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

**9 TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Plant &amp; machinery £</b>	<b>Fixtures, fittings &amp; equipment £</b>	<b>Total £</b>
<b>Cost</b>			
1 July 2009	234,441	235,478	469,919
Additions	1,060	211	1,271
Disposals	(1,089)	(6,050)	(7,139)
30 June 2010	234,412	229,639	464,051
<b>Depreciation</b>			
1 July 2009	209,180	192,843	402,023
Charged in the year	17,504	21,637	39,141
Disposals	(847)	(6,050)	(6,897)
30 June 2010	225,837	208,430	434,267
<b>Net book value</b>			
30 June 2010	8,575	21,209	29,784
30 June 2009	25,261	42,635	67,896

**10 INVESTMENTS**

<b>GROUP</b>	<b>Listed investments £</b>	<b>Unlisted investments £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
1 July 2009	126,545	19,785	146,330
Revaluation	15,367	-	15,367
30 June 2010	141,912	19,785	161,697
<b>Provisions for diminution in value</b>			
1 July 2009 and 30 June 2010	-	8,785	8,785
<b>Net book value</b>			
30 June 2010	141,912	11,000	152,912
30 June 2009	126,545	11,000	137,545

# TIS Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 June 2010

#### 10 INVESTMENTS (continued)

Shares in  
subsidiary  
undertakings  
£

#### COMPANY

##### Cost and net book value

1 July 2009 and 30 June 2010

252,920

30 June 2009

252,920

The historic cost of the listed investments are £121,790 (2009 £121,790)

At 30 June 2010, the company held more than 20 per cent of the equity of the following undertakings

Company	Country of registration or incorporation	Shares held Class	%	Nature of business
<b>Subsidiary undertakings:</b>				
TIS Acquisitions Limited	England & Wales	Ordinary	100%	Intermediate Holding Company
TIS Group Limited	England & Wales	Ordinary	100%	Second hand endowment policy trading
TEP Management Services Limited	England & Wales	Ordinary	100%	Management consultancy & valuation services
Absolute Assigned Policies Limited	England & Wales	Ordinary	100%	Insurance and financial services
<b>Other significant interests:</b>				
The Protected Asset TEP Fund Plc	Isle of Man	Management	99.00%	Investment Fund
The Protected Asset TEP Fund Plc	Isle of Man	Unclassified	0.03%	Investment Fund
The Protected Capital Growth Fund Plc	Isle of Man	Management	99.00%	Investment Fund

The group has not treated the above investments in which it 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.

**TIS Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

<b>11</b>	<b>DEFERRED TAXATION</b>				<b>Deferred taxation £</b>
	<b>Group</b>				
	1 July 2009				881,917
	Profit and loss account				555,068
	30 June 2010				<u>1,436,985</u>
	The deferred tax asset recognised in the financial statements is as follows		<b>Group 2010 £</b>	<b>Group 2009 £</b>	
	Unpaid interest		1,436,985	881,917	
	Deferred tax asset		<u>1,436,985</u>	<u>881,917</u>	
<b>12</b>	<b>DEBTORS</b>	<b>Group 2010 £</b>	<b>Company 2010 £</b>	<b>Group 2009 £</b>	<b>Company 2009 £</b>
	Due within one year				
	Amounts owed by group undertakings	-	30,734	-	-
	Other debtors	490,568		87,321	-
	Prepayments and accrued income	726,768	16,070	647,938	58,174
		<u>1,217,336</u>	<u>46,804</u>	<u>735,259</u>	<u>58,174</u>
<b>13</b>	<b>CREDITORS: Amounts falling due within one year</b>	<b>Group 2010 £</b>	<b>Company 2010 £</b>	<b>Group 2009 £</b>	<b>Company 2009 £</b>
	Bank loans	323,326	-	415,703	-
	Trade creditors	620,843	68,234	650,028	-
	Amounts owed to group undertakings	-	317,439	-	351,942
	Corporation tax	40,649	-	283,554	-
	Taxes and social security costs	235,386	-	262,347	-
	Other creditors	1,534	29,989	1,534	-
	Accruals and deferred income	1,328,293	-	664,325	-
		<u>2,550,031</u>	<u>415,662</u>	<u>2,277,491</u>	<u>351,942</u>

**TIS Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

14	<b>CREDITORS: Amounts falling due after more than one year</b>	<b>Group</b>	<b>Group</b>
	<b>(continued)</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Bank loans	18,638,998	18,729,758
	Loan notes	26,020,356	22,242,317
		<u>44,659,354</u>	<u>40,972,075</u>
	<b>Bank loans</b>	<b>Group</b>	<b>Group</b>
		<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Loan maturity analysis		
	In more than one year but not more than two years	184,757	508,083
	In more than two years but not more than five years	18,900,000	14,700,000
	In more than five years	-	4,200,000
		<u>19,084,757</u>	<u>19,408,083</u>
	Less unamortised loan issue expenses	(445,759)	(678,325)
	Bank loans	<u>18,638,998</u>	<u>18,729,758</u>

The bank loans are secured by a fixed and floating charge over all the assets within the group

Interest is payable on the loans between 2.25-3.50% above Libor. The bank loans are split into 3 tranches, the original amounts borrowed of which were £16.8m (facility A), £14.7m (Facility B) and £4.2m (Facility C). The termination dates of those facilities are 30 June 2012 re Facility A, 30 June 2013 re Facility B and 30 June 2014 re Facility C.

Post year end the company renegotiated its loan terms such that for the twelve month period to and including 30 June 2011, there is an option to select an interest period for the above loans of one month. Loan repayments against Facility B are due in December 2010 and June 2011 each for £250,000, based on the amended terms.

<b>Loan Notes</b>	<b>Group</b>	<b>Group</b>
	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
The maturity of the loan notes is as follows		
Investor Loan Notes	12,520,691	10,702,745
Management Loan Notes	13,499,665	11,539,572
	<u>26,020,356</u>	<u>22,242,317</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 loan facilities with Bank of Scotland, and
- iii) 31 December 2014

Upon repayment of the bank loan facilities all loan notes become repayable on demand, however, there has been a repayment of Loan notes since the loans were made of £707,369.

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

**TIS Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

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.

**15 PENSION COSTS**

The group contributes towards the personal pension schemes of some of its directors and staff.

**Defined contribution**

	2010 £	2009 £
Contributions payable by the group and company for the year	349	9,516

**16 SHARE CAPITAL**

	Group and Company 2010 £	Group and Company 2009 £
<b>Authorised:</b>		
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>
<b>Allotted, called up and fully paid:</b>		
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>

<b>17 SHARE PREMIUM ACCOUNT</b>	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
1 July 2009 and 30 June 2010	66,528	66,528	66,528	66,528
	<u>66,528</u>	<u>66,528</u>	<u>66,528</u>	<u>66,528</u>
<b>18 REVALUATION RESERVE</b>	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
1 July 2009	(56,819)	-	7,561	-
Revaluation during the year	15,367	-	(64,380)	-
30 June 2010	<u>(41,452)</u>	<u>-</u>	<u>(56,819)</u>	<u>-</u>

**TIS Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

19	<b>PROFIT AND LOSS ACCOUNT</b>	<b>Group 2010 £</b>	<b>Company 2010 £</b>	<b>Group 2009 £</b>	<b>Company 2009 £</b>
	1 July 2009	3,923,587	(120,751)	4,043,072	(53,739)
	Loss for the financial period	(4,443,382)	(75,399)	(119,485)	(67,012)
	30 June 2010	<u>(519,795)</u>	<u>(196,150)</u>	<u>3,923,587</u>	<u>(120,751)</u>

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

20	<b>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)</b>	<b>2010 Group £</b>	<b>2010 Company £</b>	<b>2009 Group £</b>	<b>2009 Company £</b>
	Loss for the financial period	(4,443,382)	(75,399)	(119,485)	(67,012)
	Other recognised gains and losses	15,367	-	(64,380)	-
	Net (deduction from)/addition to shareholders' funds	<u>(4,428,015)</u>	<u>(75,399)</u>	<u>(183,865)</u>	<u>(67,012)</u>
	Opening shareholders' funds	3,950,768	(36,751)	4,134,633	30,261
	Closing shareholders' (deficit)/funds	<u>(477,247)</u>	<u>(112,150)</u>	<u>3,950,768</u>	<u>(36,751)</u>



**TIS Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

<b>21</b>	<b>CASH FLOWS</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
<b>a</b>	<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
	Operating profit	(117,128)	6,010,985
	Depreciation	39,141	45,178
	Amortisation	3,399,038	3,399,038
	Profit on disposal of fixed asset	(465)	-
	Decrease in stocks	-	489,959
	(Increase)/Decrease in debtors	(482,077)	327,980
	Increase/(Decrease) in creditors	607,822	(1,381,253)
	Exceptional items	-	(41,567)
	<b>Net cash inflow from operating activities</b>	<b>3,446,331</b>	<b>8,850,320</b>
<b>b</b>	<b>Analysis of cash flows for headings netted in the cash flow</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	<b>Returns on investments and servicing of finance</b>		
	Interest received	5,967	261,044
	Interest paid	(698,590)	(2,004,233)
	<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(692,623)</b>	<b>(1,743,189)</b>
	<b>Capital expenditure and financial investment</b>		
	Purchase of tangible fixed assets	(1,271)	(8,826)
	Proceeds of sale of tangible fixed assets	707	-
	<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(564)</b>	<b>(8,826)</b>
	<b>Financing</b>		
	Repayment of long term bank loan	(415,703)	(11,256,000)
	Repayment of loan notes	-	(707,369)
	<b>Net cash outflow from financing</b>	<b>(415,703)</b>	<b>(11,963,369)</b>

**TIS Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2010**

**21 CASH FLOWS (continued)**

<b>c</b>	<b>Analysis of net funds</b>	<b>At 30 June 2009 £</b>	<b>Cash- flow £</b>	<b>Other non- cash changes £</b>	<b>At 30 June 2010 £</b>
	Cash at bank and in hand	1,190,523	1,916,443	-	3,106,966
	Bank loans within one year	(415,703)	92,377	-	(323,326)
	Bank loans after one year	(18,729,758)	90,760	-	(18,638,998)
	Loan notes after one year	(22,242,317)	-	(3,778,039)	(26,020,356)
	<b>Total</b>	<b>(40,197,255)</b>	<b>2,099,580</b>	<b>(3,778,039)</b>	<b>(41,875,714)</b>

<b>22</b>	<b>COMMITMENTS UNDER OPERATING LEASES</b>	<b>Group 2010 £</b>	<b>Company 2010 £</b>	<b>Group 2009 £</b>	<b>Company 2009 £</b>
	At 30 June 2010, annual commitments under non-cancellable operating leases are as follows				
	Land and buildings				
	expiring after 5 years	117,000	-	117,000	-

**23 RELATED PARTY TRANSACTIONS**

During the year ended 30 June 2010 the group has made sales and earned commissions totalling £25,455,595 (2009 £167,761,952) from The Protected Asset TEP Fund (PATF) and £10,449 (2009 £257,249) from the Protected Capital Growth Fund (PCGF) fund, both companies in which TIS Group Limited owns management shares. The amount due from PATF to the group at 30 June 2010 is £1,847 (2008 £423).

In addition, TEP Management Services Limited received valuation fees of £2,398,890 (2009 £2,971,464) from The Protected Asset TEP Fund Plc and £78,132 (2009 £86,226) from The Protected Capital Growth Fund Plc. At the balance sheet date, £167,861 (2009 £173,877) of valuation fees were accrued in prepayments and accrued income.

Premises rental and insurance costs totalling £117,000 (2009 £117,000) have been charged by WFTG LLP, a partnership owned by LRJ Portnoi and D Arnold, who are non executive directors of the ultimate parent undertaking.

Monitoring fees totalling £64,280 (2009 £65,117) have been charged by Promethean Investments LP in the year. Promethean Investments Fund LP is the controlling shareholder of the group. No balance was due to it at the year end.

During the year ended 30 June 2010 the group has made payments to Protected Distribution Limited, a company under common control, totalling £371,315 (2009 £1,029,901) in respect of commission. The group has also received payments totalling £4,181 (2009 £262,612) from Protected Distribution Limited in respect of commission. The amount due from PDL Acquisition Limited to TIS Acquisition Limited at 30 June 2010 is £6,400 (2009 £6,400).

Promethean Investments Fund LP, which has a controlling 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 £12,520,691 (2009 £10,702,745). The terms of the loan are set out in note 14 and the interest payable on the loan in the year was £1,817,946 (2009 £1,594,265).

# **TIS Holdings Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 30 June 2010**

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#### **23 RELATED PARTY TRANSACTIONS (continued)**

A group of Investors, who include the non-executive directors of the company, LRJ Portnoi and D Arnold, provided a loan (Management Loan notes) to TIS Acquisitions Limited, a subsidiary of the company, in the year which together with unpaid interest totalled £13,499,665 (2009 £11,539,572) as at the year end. The terms of the loan are set out in note 14 and the interest payable on the loan in the year was £1,960,093 (2009 £1,673,407)

#### **24 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 the Bank of Scotland. The cross-guarantee is secured by a debenture over all of the assets of the Group. The value of the loans outstanding at the year end was £18,962,324 (2009 £19,145,461)

#### **25 CONTROL**

The company is controlled by Promethean Investments Fund LP. Copies of Promethean Investments Fund LP financial statements are available from Companies House.