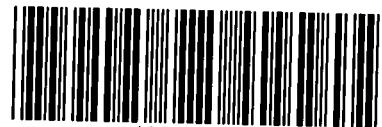


TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
COMPANY INFORMATION**

Directors	Mr P M J Carey Mr J S Hall Mr M J Sollars
Secretary	Mr P M J Carey
Company number	05267654
Registered office	Units 20/21 Theale Lakes Business Park Moulden Way Sulhamstead Reading Berkshire RG7 4GB
Auditor	Moore Stephens (South) LLP The French Quarter 114 High Street Southampton SO14 2AA
Solicitors	Coffin Mew LLP 3rd Floor Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG

TENEO GROUP LIMITED AND ITS GROUP UNDERTAKINGS CONTENTS

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**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
STRATEGIC REPORT**

FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report for the year ended 30 June 2016.

Fair review of the business

The results for the year were considered satisfactory by the directors. Group revenue grew by 10.8% in the year due to the acquisition in the USA of the assets of VistaOne LLC and Clearpath Consulting LLC during the year. This helped to minimise the impact of the challenges in the UK. The gross profit for the year was 26.6% compared with 27.6% in 2015. The slight decline is a result of the mix of revenue streams changing following the acquisitions. Administrative expenses increased by 14% due to the acquisitions.

The Directors have reviewed the strategic plan to accelerate growth in the company's managed and professional services offerings and have widened the focus to encompass subscription based As a Service models to ensure continued growth in revenue and profitability.

Principal risks and uncertainties

The Board has established policies and procedures for the management of financial risk. These policies are reviewed periodically for continuing relevance to the identified risks.

The principal financial risk to the business is foreign exchange fluctuations, most notably USD. The exposure arises from trading from USD pricelists with key suppliers and customers. Company policy allows the purchase of forward contracts to hedge exposure and fix costs in GBP when the Board considers it prudent to do so.

Development and performance

The directors made some key appointments during the year (some as part of acquisition) to improve the strength of the management and believe that the company is in a good position to build upon this model for the coming year.

Key performance indicators

Given the straightforward nature of the business, the directors believe that further analysis using KPI's is not required for an understanding of the development, performance or position of the business.

On behalf of the board


Mr P M J Carey
Director
17 March 2017

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

The directors present their annual report and financial statements for the year ended 30 June 2016.

Principal activities

The principal activity of the company continued to be that of a holding company.

The principal activities of the subsidiary companies of the group are that of the sale of computer hardware and software and that of the design, implementation and support of security information management solutions.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P M J Carey

Mr J S Hall

Mr M J Sollars

Mr R Jones

(Resigned 7 September 2016)

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of a final dividend. Interim ordinary dividends were paid amounting to £nil (2015: £1,002,483).

Post reporting date events

In September 2016, Mr R Jones resigned as a director of the "Teneo" group companies. At the same time his shareholding in the parent company of 5,875 £1 shares was purchased by the company for £286,700 and the shares were then cancelled.

Also in September 2016, the parent company received dividends of £288,135 from its subsidiary, Teneo Limited.

In February 2017, a subsidiary of the company, Teneo Inc. acquired a further business, Management Communication Services LLC.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Stephens (South) LLP be reappointed as auditor of the group will be put at a General Meeting.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
DIRECTORS' REPORT (CONTINUED)**

FOR THE YEAR ENDED 30 JUNE 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. 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 company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with 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.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Mr P M J Carey

Director

17 March 2017

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TENEO GROUP LIMITED**

We have audited the financial statements of Teneo Group Limited for the year ended 30 June 2016 set out on pages 6 to 30. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF TENEO GROUP LIMITED**

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.

**Andrea Wulff (Senior Statutory Auditor)
for and on behalf of Moore Stephens (South) LLP**

28th March 2017

**Chartered Accountants
Statutory Auditor**

The French Quarter
114 High Street
Southampton
SO14 2AA

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 £	2015 £
Revenue	3	29,163,005	26,330,863
Cost of sales		(21,390,737)	(19,061,933)
Gross profit		7,772,268	7,268,930
Administrative expenses		(7,495,978)	(6,545,456)
Other operating income		24,272	-
Operating profit	4	300,562	723,474
Investment income	8	2,789	3,735
Finance costs	9	(23,124)	(67)
Profit before taxation		280,227	727,142
Taxation	10	(191,003)	(130,945)
Profit for the financial year	26	89,224	596,197

The income statement has been prepared on the basis that all operations are continuing operations.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	£	£
Profit for the year	89,224	596,197
Other comprehensive income	-	-
Total comprehensive income for the year	<u>89,224</u>	<u>596,197</u>


Total comprehensive income for the year is all attributable to the owners of the parent company.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
GROUP STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Goodwill	12		2,418,491		-
Property, plant and equipment	13		135,700		139,189
			<u>2,554,191</u>		<u>139,189</u>
Current assets					
Inventories	17	165,303		122,532	
Trade and other receivables falling due after one year	18	1,591,608		2,246,250	
Trade and other receivables - deferred tax	22	83,644		-	
Trade and other receivables falling due within one year	18	19,278,161		12,444,129	
Cash at bank and in hand		663,899		1,582,578	
		<u>21,782,615</u>		<u>16,395,489</u>	
Current liabilities	19	<u>(20,048,339)</u>		<u>(13,446,160)</u>	
Net current assets			<u>1,734,276</u>		<u>2,949,329</u>
Total assets less current liabilities			<u>4,288,467</u>		<u>3,088,518</u>
Non-current liabilities	20		<u>(3,636,035)</u>		<u>(2,520,833)</u>
Provisions for liabilities	22		<u>(1,071)</u>		<u>(5,548)</u>
Net assets			<u><u>651,361</u></u>		<u><u>562,137</u></u>
Equity					
Called up share capital	25		73,442		73,442
Share premium account			11,750		11,750
Retained earnings	26		566,169		476,945
Total equity			<u><u>651,361</u></u>		<u><u>562,137</u></u>


The financial statements were approved by the board of directors and authorised for issue on 17 March 2017 and are signed on its behalf by:


Mr P M J Carey
Director

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investments	14		476,944		476,944
Current assets					
Cash at bank and in hand		8,909		8,942	
Current liabilities	19	(373,728)		(373,761)	
Net current liabilities			(364,819)		(364,819)
Total assets less current liabilities			112,125		112,125
Equity					
Called up share capital	25		73,442		73,442
Share premium account			11,750		11,750
Retained earnings	26		26,933		26,933
Total equity			112,125		112,125

The financial statements were approved by the board of directors and authorised for issue on 17 March 2017 and are signed on its behalf by:


Mr P M J Carey
Director

Company Registration No. 05267654

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 July 2014		73,442	11,750	883,231	968,423
Year ended 30 June 2015:					
Profit and total comprehensive income for the year		-	-	596,197	596,197
Dividends	11	-	-	(1,002,483)	(1,002,483)
Balance at 30 June 2015		73,442	11,750	476,945	562,137
Year ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	89,224	89,224
Balance at 30 June 2016		73,442	11,750	566,169	651,361

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 July 2014		73,442	11,750	26,933	112,125
Year ended 30 June 2015:					
Profit and total comprehensive income for the year		-	-	1,002,483	1,002,483
Dividends	11	-	-	(1,002,483)	(1,002,483)
Balance at 30 June 2015		73,442	11,750	26,933	112,125
Year ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	-	-
Balance at 30 June 2016		73,442	11,750	26,933	112,125

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016		2015	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	32		561,931		(1,012,171)
Interest paid			(23,124)		(67)
Income taxes paid			(171,422)		(123,554)
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			367,385		(1,135,792)
Investing activities					
Purchase of intangible assets		(2,534,027)		-	
Purchase of property, plant and equipment		(110,315)		(75,318)	
Proceeds on disposal of property, plant and equipment		-		541	
Interest received		2,789		3,735	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(2,641,553)		(71,042)
Financing activities					
Proceeds of new bank loans		1,878,267		-	
Repayment of bank loans		(522,778)		-	
Dividends paid to equity shareholders		-		(1,002,483)	
		<u> </u>		<u> </u>	
Net cash generated from/(used in) financing activities			1,355,489		(1,002,483)
			<u> </u>		<u> </u>
Net decrease in cash and cash equivalents			(918,679)		(2,209,317)
Cash and cash equivalents at beginning of year			1,582,578		3,791,895
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			663,899		1,582,578
			<u> </u>		<u> </u>

TENEO GROUP LIMITED AND ITS GROUP UNDERTAKINGS NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

Company information

Teneo Group Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Units 20/21 Theale Lakes Business Park, Moulden Way, Sulhamstead, Reading, Berkshire, RG7 4GB.

The group consists of Teneo Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 30 June 2016 are the first financial statements of Teneo Group Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £0 (2015 - £1,002,483 profit).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are *adjusted retrospectively for final fair values determined in the 12 months following the acquisition date*. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Teneo Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Maintenance income accrues evenly over the period of the contract. Associated costs are also spread evenly over the period to which the contract relates.

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of trade and assets is written off in equal annual instalments over its estimated useful economic life of 10 years.

The Goodwill arises from the purchase of businesses in the USA by the USA subsidiary, Teneo Inc.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Improvements to leasehold property	over the period of the lease
Fixtures, fittings & equipment	3-5 years straight line
Computer equipment	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

During the year, Teneo Inc acquired 2 businesses, VistaOne LLC and ClearPath Consulting LLC via Asset Purchase agreements. The Goodwill arising of £2,534,027 is being written off over 10 years. The price included contingent cash earnouts estimated at £1,219,613 which are shown as "Other payables" in current liabilities £265,454 and non-current liabilities £954,159.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

1 Accounting policies

(Continued)

1.8 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.9 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Derivatives

The company enters into foreign exchange forward contracts in order to manage its exposure to foreign exchange risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

3 Revenue

An analysis of the group's revenue is as follows:

	2016	2015
	£	£
Turnover		
Sales of hardware and software	29,163,005	26,330,863
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	2,789	3,735
Commissions received	6,369	-
	<u> </u>	<u> </u>

Revenue analysed by geographical market

	2016	2015
	£	£
UK	13,791,350	14,674,657
Europe	5,031,751	6,023,550
USA	8,522,648	4,235,727
Rest of the world	1,817,256	1,396,929
	<u> </u>	<u> </u>
	<u>29,163,005</u>	<u>26,330,863</u>

4 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(62,415)	171,454
Depreciation of owned property, plant and equipment	102,658	133,368
Loss/(profit) on disposal of property, plant and equipment	11,146	(541)
Amortisation of intangible assets	115,536	-
Cost of inventories recognised as an expense	21,111,596	18,869,254
Operating lease charges	201,178	222,924
	<u> </u>	<u> </u>

TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

5 Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,600	3,600
Audit of the company's subsidiaries	16,100	14,050
	<u>19,700</u>	<u>17,650</u>
For other services		
Taxation compliance services	4,600	4,600
All other non-audit services	4,700	2,500
	<u>9,300</u>	<u>7,100</u>

6 Employees

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

	2016	2015
	Number	Number
Finance and administration	9	9
Marketing	4	4
Sales	23	22
Technical	10	10
Directors	5	5
Operations	5	6
Pre-sales	6	4
Managed service	13	12
	<u>75</u>	<u>72</u>

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	4,669,439	4,154,380
Social security costs	509,024	483,421
Pension costs	273,701	240,401
	<u>5,452,164</u>	<u>4,878,202</u>

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

7 Directors' remuneration

	2016	2015
	£	£
Remuneration for qualifying services	508,074	407,158
Company pension contributions to defined contribution schemes	37,868	32,372
	<u>545,942</u>	<u>439,530</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>228,730</u>	<u>145,223</u>
--------------------------------------	----------------	----------------

8 Investment income

	2016	2015
	£	£
Interest income		
Interest on bank deposits	2,605	3,494
Other interest income	184	241
	<u>2,789</u>	<u>3,735</u>

Investment income includes the following:

Bank interest receivable	<u>2,605</u>	<u>3,494</u>
--------------------------	--------------	--------------

9 Finance costs

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>23,124</u>	<u>67</u>

TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

10 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	88,651	126,520
Foreign current tax on profits for the current period	190,473	11,353
	<u>279,124</u>	<u>137,873</u>
Deferred tax		
Origination and reversal of timing differences	(88,121)	(6,928)
	<u>191,003</u>	<u>130,945</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit before taxation	<u>280,227</u>	<u>727,142</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	56,045	150,882
Tax effect of expenses that are not deductible in determining taxable profit	11,584	38,879
Tax effect of utilisation of tax losses not previously recognised	8,256	(31,626)
Permanent capital allowances in excess of depreciation	(16,479)	(22,512)
Depreciation on assets not qualifying for tax allowances	16,479	27,674
Other non-reversing timing differences	115,118	(32,352)
	<u>191,003</u>	<u>130,945</u>

11 Dividends

	2016	2015
	£	£
Interim paid	<u>-</u>	<u>1,002,483</u>

TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

12 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 July 2015	-
Additions - acquired business	2,534,027
	<hr/>
At 30 June 2016	2,534,027
	<hr/>
Amortisation and impairment	
At 1 July 2015	-
Amortisation charged for the year	115,536
	<hr/>
At 30 June 2016	115,536
	<hr/>
Carrying amount	
At 30 June 2016	2,418,491
	<hr/> <hr/>
At 30 June 2015	-
	<hr/> <hr/>

The company had no intangible fixed assets at 30 June 2016 or 30 June 2015.

13 Property, plant and equipment

Group	Improvements to leasehold property	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 July 2015	23,277	213,165	546,786	783,228
Additions	-	66,726	43,589	110,315
Disposals	-	(18,123)	-	(18,123)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2016	23,277	261,768	590,375	875,420
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 July 2015	22,015	183,938	438,086	644,039
Depreciation charged in the year	1,262	21,977	79,419	102,658
Eliminated in respect of disposals	-	(6,977)	-	(6,977)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2016	23,277	198,938	517,505	739,720
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 30 June 2016	-	62,830	72,870	135,700
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2015	1,262	29,227	108,700	139,189
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The company had no property, plant and equipment assets at 30 June 2016 or 30 June 2015.

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

14 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	15	-	-	476,944	476,944

15 Subsidiaries

Details of the company's subsidiaries at 30 June 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Teneo Ltd	UK	Sales of computer hardware and software	Ordinary & Preference shares	100.00
Teneo Inc	USA	Sales of computer hardware and software	Ordinary shares	100.00
Teneo Australia Pty Ltd	Australia	Sales of computer hardware and software	Ordinary shares	100.00
Teneo France SAS	France	Sales of computer hardware and software	Ordinary shares	100.00
Teneo Technologies SRO	Czech Republic	Dormant	Ordinary shares	100.00

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Teneo Ltd	251,855	883,264
Teneo Inc	151,497	526,005
Teneo Australia Pty Ltd	(11,141)	(261,221)
Teneo France SAS	(306,431)	(238,211)
Teneo Technologies SRO	-	348

TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

16 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	11,182,369	6,920,968	-	-
Equity instruments measured at cost less impairment	-	-	476,944	476,944
Instruments measured at fair value through profit or loss	184,576	-	-	-
	<u>11,182,369</u>	<u>6,920,968</u>	<u>476,944</u>	<u>476,944</u>
Carrying amount of financial liabilities				
Measured at amortised cost	9,554,126	4,894,711	373,728	373,761
	<u>9,554,126</u>	<u>4,894,711</u>	<u>373,728</u>	<u>373,761</u>

17 Inventories

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	165,303	122,532	-	-
	<u>165,303</u>	<u>122,532</u>	<u>-</u>	<u>-</u>

18 Trade and other receivables

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade receivables	11,172,884	6,908,541	-	-
Corporation tax recoverable	12,469	-	-	-
Derivative financial instruments	184,576	-	-	-
Other receivables	21,307	46,572	-	-
Prepayments and accrued income	7,886,925	5,489,016	-	-
	<u>19,278,161</u>	<u>12,444,129</u>	<u>-</u>	<u>-</u>
Deferred tax asset (note 22)	83,644	-	-	-
	<u>19,361,805</u>	<u>12,444,129</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year:				
Prepayments and accrued income	1,591,608	2,246,250	-	-
	<u>1,591,608</u>	<u>2,246,250</u>	<u>-</u>	<u>-</u>
Total debtors	<u>20,953,413</u>	<u>14,690,379</u>	<u>-</u>	<u>-</u>

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

19 Current liabilities

		Group 2016	2015	Company 2016	2015
	Notes	£	£	£	£
Bank loans and overdrafts	21	1,056,759	-	-	-
Trade payables		6,949,200	4,894,535	-	-
Amounts due to group undertakings		-	-	373,728	373,761
Corporation tax payable		221,878	101,707	-	-
Other taxation and social security		362,117	287,933	-	-
Deferred income	23	6,663,087	6,473,464	-	-
Other payables		295,278	176	-	-
Accruals		4,500,020	1,688,345	-	-
		<u>20,048,339</u>	<u>13,446,160</u>	<u>373,728</u>	<u>373,761</u>

20 Non-current liabilities

		Group 2016	2015	Company 2016	2015
	Notes	£	£	£	£
Bank loans and overdrafts	21	298,730	-	-	-
Deferred income	23	2,383,146	2,520,833	-	-
Other payables		954,159	-	-	-
		<u>3,636,035</u>	<u>2,520,833</u>	<u>-</u>	<u>-</u>

21 Borrowings

		Group 2016	2015	Company 2016	2015
		£	£	£	£
Bank loans		<u>1,355,489</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payable within one year		1,056,759	-	-	-
Payable after one year		<u>298,730</u>	<u>-</u>	<u>-</u>	<u>-</u>

A subsidiary of the company, Teneo Inc., took out a loan to finance the acquisition of VistaOne LLC in January 2016, secured on the assets of the company, bearing interest at base plus 2% (currently 5.5%). The credit line, due for repayment in January 2017 was extended until the acquisition of Management Communication Services, LLC was completed in February 2017, at which point a revised credit line was put in place for an initial 12 month term.

In addition a Promissory note was issued for £298,730 as part of the initial transaction.

TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
Group				
Accelerated capital allowances	1,071	5,548	-	-
Other timing differences	-	-	83,644	-
	<u>1,071</u>	<u>5,548</u>	<u>83,644</u>	<u>-</u>

The company has no deferred tax assets or liabilities.

	Group 2016 Asset £	Group 2016 Liability £	Company 2016 £
Movements in the year:			
Asset/(liability) at 1 July 2015	-	(5,548)	-
Charge to profit or loss	83,644	4,477	-
	<u>83,644</u>	<u>(1,071)</u>	<u>-</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Deferred income

	Group 2016 £	2015 £	Company 2016 £	2015 £
Arising from Deferred income	9,046,233	8,994,297	-	-
	<u>9,046,233</u>	<u>8,994,297</u>	<u>-</u>	<u>-</u>

Deferred income is included in the financial statements as follows:

Current liabilities	6,663,087	6,473,464	-	-
Non-current liabilities	2,383,146	2,520,833	-	-
	<u>9,046,233</u>	<u>8,994,297</u>	<u>-</u>	<u>-</u>

LO REG NO. 05267654

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
STRATEGIC REPORT**

PLEASE REFER TO OUR
LETTER DATED 28 MARCH
2017.

FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report for the year ended 30 June 2016.

Fair review of the business

The results for the year were considered satisfactory by the directors. Group revenue grew by 10.8% in the year due to the acquisition in the USA of the assets of VistaOne LLC and Clearpath Consulting LLC during the year. This helped to minimise the impact of the challenges in the UK. The gross profit for the year was 26.6% compared with 27.6% in 2015. The slight decline is a result of the mix of revenue streams changing following the acquisitions. Administrative expenses increased by 14% due to the acquisitions.

The Directors have reviewed the strategic plan to accelerate growth in the company's managed and professional services offerings and have widened the focus to encompass subscription based As a Service models to ensure continued growth in revenue and profitability.

Principal risks and uncertainties

The Board has established policies and procedures for the management of financial risk. These policies are reviewed periodically for continuing relevance to the identified risks.

The principal financial risk to the business is foreign exchange fluctuations, most notably USD. The exposure arises from trading from USD pricelists with key suppliers and customers. Company policy allows the purchase of forward contracts to hedge exposure and fix costs in GBP when the Board considers it prudent to do so.

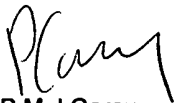
Development and performance

The directors made some key appointments during the year (some as part of acquisition) to improve the strength of the management and believe that the company is in a good position to build upon this model for the coming year.

Key performance indicators

Given the straightforward nature of the business, the directors believe that further analysis using KPI's is not required for an understanding of the development, performance or position of the business.

On behalf of the board



Mr P M J Carey
Director
17 March 2017

TENEO GROUP LIMITED AND ITS GROUP UNDERTAKINGS DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. 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 company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with 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.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Mr P M J Carey

Director

17 March 2017

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF TENEO GROUP LIMITED**

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.

**Andrea Wulff (Senior Statutory Auditor)
for and on behalf of Moore Stephens (South) LLP**

**Chartered Accountants
Statutory Auditor**

28th March 2017

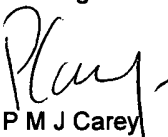
The French Quarter
114 High Street
Southampton
SO14 2AA

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
GROUP STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Goodwill	12		2,418,491		-
Property, plant and equipment	13		135,700		139,189
			<u>2,554,191</u>		<u>139,189</u>
Current assets					
Inventories	17	165,303		122,532	
Trade and other receivables falling due after one year	18	1,591,608		2,246,250	
Trade and other receivables - deferred tax	22	83,644		-	
Trade and other receivables falling due within one year	18	19,278,161		12,444,129	
Cash at bank and in hand		663,899		1,582,578	
		<u>21,782,615</u>		<u>16,395,489</u>	
Current liabilities	19	<u>(20,048,339)</u>		<u>(13,446,160)</u>	
Net current assets			<u>1,734,276</u>		<u>2,949,329</u>
Total assets less current liabilities			<u>4,288,467</u>		<u>3,088,518</u>
Non-current liabilities	20		(3,636,035)		(2,520,833)
Provisions for liabilities	22		(1,071)		(5,548)
Net assets			<u>651,361</u>		<u>562,137</u>
Equity					
Called up share capital	25		73,442		73,442
Share premium account			11,750		11,750
Retained earnings	26		566,169		476,945
Total equity			<u>651,361</u>		<u>562,137</u>

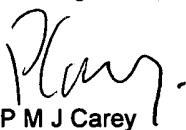
The financial statements were approved by the board of directors and authorised for issue on 17 March 2017 and are signed on its behalf by:


Mr P M J Carey
Director

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Investments	14		476,944		476,944
Current assets					
Cash at bank and in hand		8,909		8,942	
Current liabilities	19	(373,728)		(373,761)	
Net current liabilities			(364,819)		(364,819)
Total assets less current liabilities			112,125		112,125
Equity					
Called up share capital	25		73,442		73,442
Share premium account			11,750		11,750
Retained earnings	26		26,933		26,933
Total equity			112,125		112,125

The financial statements were approved by the board of directors and authorised for issue on 17 March 2017 and are signed on its behalf by:


Mr P M J Carey
Director

Company Registration No. 05267654

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

24 Retirement benefit schemes

	2016	2015
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	273,701	240,401
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital		
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Issued and fully paid		
73,442 Ordinary shares of £1 each	73,442	73,442
	<u> </u>	<u> </u>

26 Retained earnings

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
At the beginning of the year	476,945	883,231	26,933	26,933
Profit for the year	89,224	596,197	-	1,002,483
Dividends	-	(1,002,483)	-	(1,002,483)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At the end of the year	566,169	476,945	26,933	26,933
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Within one year	190,007	90,000	-	-
Between two and five years	60,000	90,000	-	-
In over five years	-	60,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	250,007	240,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

28 Events after the reporting date

In September 2016, Mr R Jones resigned as a director of the "Teneo" group companies. At the same time his shareholding of 5,875 £1 shares in the parent company was purchased by the company for £286,700 and the shares were then cancelled.

Also in September 2016, the parent company received dividends of £288,135 from its subsidiary, Teneo Limited.

In February 2017, a subsidiary of the company, Teneo Inc., acquired a further business, Management Communication Services, LLC.

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016	2015
	£	£
Aggregate compensation	545,942	439,530
	<u> </u>	<u> </u>

No guarantees have been given or received.

30 Directors' transactions

Dividends totalling £0 (2015 - £1,002,483) were paid in the year in respect of shares held by the company's directors.

31 Controlling party

The company is controlled by P M J Carey, a director, by virtue of his majority shareholding.

TENEO GROUP LIMITED
AND ITS GROUP UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

32 Cash generated from group operations

	2016	2015
	£	£
Profit for the year after tax	89,224	596,197
Adjustments for:		
Taxation charged	191,003	130,945
Finance costs	23,124	67
Investment income	(2,789)	(3,735)
Loss/(gain) on disposal of property, plant and equipment	11,146	(541)
Amortisation and impairment of intangible assets	115,536	-
Depreciation and impairment of property, plant and equipment	102,658	133,368
Movements in working capital:		
(Increase)/decrease in inventories	(42,771)	27,525
(Increase) in trade and other receivables	(6,201,066)	(3,699,830)
Increase/(decrease) in trade and other payables	6,223,930	(7,190,464)
Increase in deferred income	51,936	8,994,297
Cash generated from/(absorbed by) operations	561,931	(1,012,171)

A/SS115/TENEO403/SS115/SO/ID:484803

MOORE STEPHENS

28 March 2017

Private & Confidential
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Dear Sirs

TENEO LIMITED
Co. Reg. No. 03928202

Submission of the Companies Financial Statements for the Year Ended 30 June 2016

Following speaking to an advisor in your Customer Services department on 27 March 2017, we enclose a copy of the above company's financial statements in A4 format, as advised.

As discussed with the advisor, the director signing the financial statements is based in the United States of America. As you may be aware, they use a different sized paper in that country. Therefore, the original signed accounts were not on A4 paper.

Your advisor confirmed to us that a copy of the financial statements on A4 paper was acceptable and would not be rejected.

We also enclose the original signed pages for your information.

Yours faithfully



Moore Stephens (South) LLP