

Registrar's Copy

**Teneo Group Limited**

Report and Financial Statements

Year Ended

30 June 2017

Company Number 05267654

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# Teneo Group Limited

Report and financial statements  
for the year ended 30 June 2017

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## Legal form

Private company limited by shares

## Directors

P M J Carey  
J S Hall  
M J Sollars

## Secretary and registered office

Mr P M J Carey, Units 20/21 Theale Lakes Business Park, Moulden Way, Sulhamstead, Reading, Berkshire, RG74GB

## Company number

05267654

## Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, RG1 1LX

# Teneo Group Limited

## Strategic report for the year ended 30 June 2017

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The directors present their strategic report for the year ended 30 June 2017.

### Review of the business

Teneo Group ("the Group") revenue increased by 61% to £46.9m (2016: £29.2m) following the acquisition in the USA in 2016 of VistaOne Corporation LLC and a further acquisition of the shares of Management Communication Services LLC ("MCS") in February 2017. Increased turnover and margin in the USA minimised the impact of the economic situation in the UK following the UK decision to leave the European Union. The gross profit for the year was 22% compared with 26.7% in 2016. The decline is a result of the differing mix of revenue streams of the acquired businesses. Administrative expenses increased by approximately 27% due to the full year impact of the 2016 acquisitions and the new acquisition of MCS.

The net assets of the Group improved to £670k as at the year end (2016: £651k). The cash position was also strong at the year end at £1.64m (2016: £0.66m).

The directors expect that the performance of the company will continue to improve as the acquisitions integrate into Teneo's operations.

### Principal risks and uncertainties

The principal risks and uncertainties affecting the Group are:

- a) The competitive environment in which the Group operates
- b) The reliance on continued strategic partnerships with major vendor partners, suppliers and customers
- c) The effects of volatility in the currency markets
- d) The ability to create a positive workforce with relevant skills committed to the Group
- e) Compliance with all regulatory requirements

The Board fully understands the need to minimise risks associated with the business.

The Group's success depends on its ability to have strategic partnerships with vendors, suppliers and customers. Partnerships are grown through excellent customer service, highly skilled employees delivering specialist IT solutions and fostering a detailed understanding of common goals.

The Group transacts in several currencies, most notably USD, which puts it at risk of foreign exchange fluctuations. The Group's policy is to purchase forward contracts to manage the risk.

The Group is working to become a learning organisation to ensure that employees are motivated, empowered and possess relevant skills.

#### *Liquidity risk*

Liquidity risk is managed through active cash flow planning. Liquidity was maintained in Teneo Inc by a loan facility which is based upon Trade Receivables. The rest of the Group does not require 3<sup>rd</sup> party funding.

#### *Credit Risk*

The Group considers credit risk relating to trade receivables acceptable. Customers are from diverse vertical markets and are mostly large blue chip organisations. There are processes in place to ensure credit is given only to creditworthy companies.

# Teneo Group Limited

## Strategic report for the year ended 30 June 2017 (continued)

### 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

The management team uses several financial and non-financial measures to assess the performance of the Group. Important KPIs include those referred to in the "Review of the business" section of this report, such as Gross Margin percentage, EBITDA percentage of turnover, actual results compared with budget, vendor diversity and various working capital indicators. Non-financial indicators include employee and customer satisfaction surveys, employee retention statistics, and adherence to support call SLAs.

	2017	2016
Gross Margin %	22%	26.7%
EBITDA %	2.9%	1.4%
Debt to Equity ratio	30.4%	36.4%

### Approval

This strategic report was approved on behalf of the Board on 25/04/2018



P M J Carey  
Director

# Teneo Group Limited

## Report of the directors for the year ended 30 June 2017

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The directors present their report together with the audited financial statements for the year ended 30 June 2017.

### 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 the sale of computer hardware, software and support contracts and the delivery of professional and managed services.

Our vision is to deliver next generation technology to 1,000 customers through world class services.

### Results and dividends

The results for the year are set out on page 9.

The directors do not recommend payment of a final dividend. Interim ordinary dividends were paid amounting to £Nil (2016 - £Nil).

### Directors

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

P M J Carey  
J S Hall  
R Jones (resigned 7 September 2016)  
M J Sollars

### Purchase of own shares

On the 7<sup>th</sup> September 2016 the Company purchased 5,875 of its own shares with a nominal value of £1 per share, which represents 8% of the called up share capital. The shares were repurchased from the Director R Jones who resigned from the company, and were subsequently cancelled.

# Teneo Group Limited

## Report of the directors for the year ended 30 June 2017 (*continued*)

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### Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 year. Under that law the directors have elected to prepare the group and company 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 and company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Post reporting date events

There were no significant events after the balance sheet date that will impact the reading of these accounts.

### 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 and future developments.

# Teneo Group Limited

## Report of the directors for the year ended 30 June 2017 (*continued*)

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### Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

### On behalf of the Board



P M J Carey  
Director

Date 25/04/2018

# Teneo Group Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF TENEO GROUP LIMITED

#### Opinion

We have audited the financial statements of Teneo Group Limited ("the Company") for the year ended 30 June 2017 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2017 and of the Group's 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# Teneo Group Limited

## Independent auditor's report *(continued)*

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report and Directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

# Teneo Group Limited

## Independent auditor's report (continued)

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### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement contained in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



*Simon Brooker (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Reading  
United Kingdom*

Date 27 April 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Teneo Group Limited

## Consolidated statement of comprehensive income for the year ended 30 June 2017

	Note	2017 £	2016 £
<b>Revenue</b>	3	<b>46,963,286</b>	29,163,005
Cost of sales		<b>(36,553,296)</b>	(21,390,737)
<b>Gross profit</b>		<b>10,409,990</b>	7,772,268
Administrative expenses		<b>(9,543,763)</b>	(7,495,978)
Other operating income		<b>7,310</b>	24,272
<b>Operating profit</b>	6	<b>873,537</b>	300,562
Investment income	8	<b>810</b>	2,789
Finance costs	9	<b>(76,933)</b>	(23,124)
<b>Profit on ordinary activities before taxation</b>		<b>797,414</b>	280,227
Taxation on profit on ordinary activities	10	<b>(451,915)</b>	(191,003)
<b>Profit on ordinary activities after taxation</b>	25	<b>345,499</b>	89,224
<b>Other comprehensive income</b>			
Exchange gains/(losses) arising on translation of foreign operations		<b>(40,180)</b>	-
<b>Comprehensive income for the year</b>		<b>305,319</b>	89,224

All amounts relate to continuing activities.

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

The notes on pages 15 to 37 form part of these financial statements.

# Teneo Group Limited

## Consolidated statement of financial position at 30 June 2017

<b>Company number 05267654</b>	<b>Note</b>	<b>2017</b> £	<b>2017</b> £	<b>2016</b> £	<b>2016</b> £
<b>Fixed assets</b>					
Intangible assets	11		4,367,435		2,418,491
Property, plant and equipment	12		123,371		135,700
			<u>4,490,806</u>		<u>2,554,191</u>
<b>Current assets</b>					
Inventories	16	168,475		165,303	
Trade and other receivables falling due after one year	17	2,668,399		1,591,608	
Trade and other receivables – deferred tax	21	86,023		83,644	
Trade and other receivables falling due within one year	17	19,190,604		19,278,161	
Cash at bank and in hand		1,642,015		663,899	
		<u>23,755,516</u>		<u>21,782,615</u>	
<b>Current liabilities</b>	18	<b>(22,196,923)</b>		<b>(20,048,339)</b>	
<b>Net current assets</b>			<u>1,558,593</u>		<u>1,734,276</u>
<b>Total assets less current liabilities</b>			<u>6,049,399</u>		<u>4,288,467</u>
<b>Non-current liabilities</b>	19	<b>(5,379,419)</b>		<b>(3,636,035)</b>	
<b>Provision for liabilities</b>	21		-		(1,071)
<b>Net assets</b>			<u>669,980</u>		<u>651,361</u>
<b>Equity</b>					
Called up share capital	24		67,567		73,442
Share premium account			11,750		11,750
Retained earnings	25		630,843		566,169
Foreign exchange reserve			(40,180)		-
<b>Total equity</b>			<u>669,980</u>		<u>651,361</u>

The financial statements were approved and authorised for issue by the board on 25/04/18 and were signed on its behalf by:



P M J Carey  
Director

The notes on pages 15 to 37 form part of these financial statements.

## Teneo Group Limited

### Consolidated statement of changes in equity for the year ended 30 June 2017

	Share capital £	Share premium £	Retained earnings £	Foreign exchange reserve £	Total equity £
At 1 July 2016	73,442	11,750	566,169	-	651,361
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	345,499	-	345,499
Foreign exchange translation	-	-	-	(40,180)	(40,180)
<b>Total comprehensive income for the year</b>	-	-	345,499	(40,180)	305,319
<b>Contributions by and distributions to owners</b>					
Share repurchase	(5,875)	-	(280,825)	-	(286,700)
<b>Total contributions by and distributions to owners</b>	(5,875)	-	(280,825)	-	(286,700)
At 30 June 2017	67,567	11,750	630,843	(40,180)	669,980
	Share capital £	Share premium £	Retained earnings £	Foreign exchange reserve £	Total equity £
At 1 July 2015	73,442	11,750	476,945	-	562,137
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	89,224	-	89,224
<b>Total comprehensive income for the year</b>	-	-	89,224	-	89,224
<b>Contributions by and distributions to owners</b>	-	-	-	-	-
At 30 June 2016	73,442	11,750	566,169	-	651,361

The notes on pages 15 to 37 form part of these financial statements.

# Teneo Group Limited

## Consolidated statement of cash flows for the year ended 30 June 2017

	2017	2016
	£	Restated £
<b>Cash flows from operating activities</b>		
<b>Profit for the financial period</b>	<b>345,499</b>	89,224
Adjustments for:		
Taxation charged	451,915	191,003
Finance costs	76,933	23,124
Investment income	(810)	(2,789)
Loss on disposal of property, plant and equipment	9,797	11,146
Amortisation and impairment of intangible assets	351,041	115,536
Depreciation and impairment of property, plant and equipment	79,037	102,658
Fair value movement on financial derivative	(51,059)	-
(Increase) in inventories	(3,172)	(42,771)
Decrease/(Increase) in trade and other receivables	439,672	(6,201,066)
Increase in trade and other payables	1,143,334	4,920,558
Foreign exchange	(72,313)	-
	<hr/>	<hr/>
<b>Cash from operations</b>	<b>2,769,874</b>	(793,377)
Interest paid	(76,933)	(23,124)
Tax paid	(257,230)	(171,422)
Proceeds from settlement of financial derivative	269,907	-
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>2,705,618</b>	(987,923)
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of subsidiary undertaking	(2,101,683)	(1,461,663)
Cash acquired with subsidiary undertaking	276,633	282,944
Purchase of property, plant and equipment	(76,504)	(110,315)
Interest received	810	2,789
Contingent consideration paid	(257,134)	-
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	<b>(2,157,878)</b>	(1,286,245)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds of new bank loans	735,022	1,878,267
Repayment of bank loans	-	(522,778)
Repurchase of own shares	(286,700)	-
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<b>448,322</b>	1,355,489
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>996,062</b>	(918,679)
Cash and cash equivalents at beginning of year	663,899	1,582,578
Exchange rate gains on cash and cash equivalents	(17,946)	-
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>1,642,015</b>	663,899
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The notes on pages 15 to 37 form part of these financial statements.

# Teneo Group Limited

## Company statement of financial position at 30 June 2017

<b>Company number 05267654</b>	<b>Note</b>	<b>2017 £</b>	<b>2017 £</b>	<b>2016 £</b>	<b>2016 £</b>
<b>Fixed assets</b>					
Investments	13		<b>476,944</b>		476,944
<b>Current assets</b>					
Cash at bank and in hand		<b>8,498</b>		8,909	
		<b>8,498</b>		8,909	
<b>Current liabilities</b>	18	<b>(373,728)</b>		<b>(373,728)</b>	
<b>Net current liabilities</b>			<b>(365,230)</b>		<b>(364,819)</b>
<b>Total assets less current liabilities</b>			<b>111,714</b>		<b>112,125</b>
<b>Net assets</b>			<b>111,714</b>		<b>112,125</b>
<b>Equity</b>					
Called up share capital	24		<b>67,567</b>		73,442
Share premium account			<b>11,750</b>		11,750
Retained earnings	25		<b>32,397</b>		26,933
<b>Shareholders' funds</b>			<b>111,714</b>		<b>112,125</b>

The profit for the financial period of the Company was £286,289 (2016: £nil).

The financial statements were approved and authorised for issue by the board on 25/04/18 and were signed on its behalf by:



P M J Carey

**Director**

The notes on pages 15 to 37 form part of these financial statements.

## Teneo Group Limited

### Company statement of changes in equity for the year ended 30 June 2017

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 July 2016	73,442	11,750	26,933	112,125
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	286,289	286,289
<b>Total comprehensive income for the year</b>	-	-	286,289	286,289
<b>Contributions by and distributions to owners</b>				
Repurchase of own shares	(5,875)	-	(280,825)	(286,700)
<b>Total contributions by and distributions to owners</b>	(5,875)	-	(280,825)	(286,700)
<b>At 30 June 2017</b>	<b>67,567</b>	<b>11,750</b>	<b>32,397</b>	<b>111,714</b>
	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 July 2015	73,442	11,750	26,933	112,125
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-
<b>Contributions by and distributions to owners</b>	-	-	-	-
<b>At 30 June 2016</b>	<b>73,442</b>	<b>11,750</b>	<b>26,933</b>	<b>112,125</b>

The notes on pages 15 to 37 form part of these financial statements.

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017

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### 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 company and group have chosen to early adopt the changes to FRS102 contained within the December 2017 FRS 102 Amendments – Triennial Review 2017. These have been adopted in full. There has been no impact on the current or prior year net assets or profit as a result of these changes in accounting policy.

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.

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 £286,289 (2016 - £Nil).

#### 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 2017. 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

## Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

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### 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 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. The balance is presented net of VAT and takes into account trade discounts, settlement discounts and volume rebates.

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.

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

### 1 Accounting policies (continued)

#### 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 a business, Management Communication Services LLC, via a Share Purchase agreement. The Goodwill arising of £2,149,192 is being written off over 10 years. The price included contingent cash earnouts estimated at £497,644 which are shown as "Other payables" in current liabilities £155,931 and non-current liabilities £341,713.

#### 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.

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

### 1 Accounting policies (*continued*)

#### 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.

##### *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.

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

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### 1 Accounting policies (*continued*)

#### 1.11 Financial instruments (*continued*)

##### *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.

##### *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.

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

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### 1 Accounting policies (*continued*)

#### 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.

##### *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.

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 *(continued)*

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### 1 Accounting policies *(continued)*

#### 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 preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company as a lessee are operating lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Establishing the appropriate fair value of financial instruments held at fair value through profit or loss. In doing this a third party valuation has been provided and reassessed by management.

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

### 2 Judgements and key sources of estimation uncertainty (continued)

#### Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 12)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### 3 Revenue

Group 2017	Group 2016
£	£

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

#### Revenue analysed by geographical market

UK	13,516,696	13,791,350
Europe	5,936,870	5,031,751
USA	24,451,305	8,522,648
Rest of the world	3,058,415	1,817,256
	<u>46,963,286</u>	<u>29,163,005</u>

### 4 Employees

Group 2017	Group 2016
£	£

Their aggregate remuneration comprised:

Wages and salaries	6,308,288	4,669,439
Social security costs	607,433	509,024
Pension costs	322,275	273,701
	<u>7,117,353</u>	<u>5,452,164</u>

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

### 4 Employees (Continued)

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

	2017 Number	2016 Number
Finance and administration	7	9
Marketing	6	4
Sales	36	29
Service Delivery	25	23
Directors	3	5
Operations	2	5
	79	75

### 5 Directors' remuneration

	2017 £	2016 £
Directors' remuneration consist of:		
Remuneration for qualifying services	497,805	508,074
Company pension contributions to defined contribution schemes	32,342	37,869
	530,147	545,942

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

	2017 £	2016 £
Directors' remuneration consist of:		
Remuneration for qualifying services	242,137	228,730

### 6 Operating profit

	Group 2017 £	Group 2016 £
This is arrived at after charging:		
Exchange (gains)	(82,874)	(62,415)
Depreciation of owned property, plant and equipment	79,037	102,658
Loss on disposal of property, plant and equipment	9,797	11,146
Amortisation of intangible assets	351,040	115,536
Cost of inventories recognised as an expense	14,036,931	21,111,596
Operating lease charges	222,567	201,178
Loss/(gain) on financial derivative	51,059	(184,576)

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 *(continued)*

		2017	2016
		£	£
<b>7</b>	<b>Auditor's remuneration</b>		
		2017	2016
		£	£
	<b>Fees payable to the company's auditor and its associates:</b>		
	<b>For audit services</b>		
	Audit of the financial statements of the group and company	21,000	3,600
	Audit of the company's subsidiaries	17,000	16,100
		33,500	19,700
	<b>For other services</b>		
	Taxation compliance services	23,736	4,600
	All other non-audit services	18,452	4,700
		42,188	9,300
<b>8</b>	<b>Interest receivable and similar income</b>	<b>Group</b>	<b>Group</b>
		<b>2017</b>	<b>2016</b>
		£	£
	<b>Interest income</b>		
	Interest on bank deposits	445	2,605
	Other interest income	365	184
		810	2,789
	Total income		
<b>9</b>	<b>Finance costs</b>	<b>Group</b>	<b>Group</b>
		<b>2017</b>	<b>2016</b>
		£	£
	Interest on bank overdrafts and loans	76,933	23,124

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

### 10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	84,203	88,651
Adjustments in the re	(10,114)	-
Foreign current tax on profits for the current period	381,276	190,473
	<hr/>	<hr/>
Total current tax	455,365	279,124
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	(3,390)	(88,121)
Effect of tax rate change on opening balance	(60)	-
	<hr/>	<hr/>
Total tax charge	451,915	191,003
	<hr/>	<hr/>

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:

	2017 £	2016 £
Profit on ordinary activities before tax	797,414	280,227
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	157,489	56,045
Effects of:		
Expenses not deductible for tax purposes	99,507	11,584
Utilisation of tax losses not previously recognised	-	8,256
Other non-reversing timing differences	-	115,118
Adjustments to tax charge in respect of previous periods	(22,672)	-
Adjustments to tax charge in respect of previous periods – deferred tax	84,665	-
Deferred tax not recognised	22,682	-
Tax rate differences	110,244	-
	<hr/>	<hr/>
Current tax charge for year	451,915	191,003
	<hr/>	<hr/>

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

### 11 Intangible fixed assets

	<b>Goodwill</b> £
<b>Group</b>	
<i>Cost</i>	
At 1 July 2016	2,534,027
Additions (see note 14)	2,330,707
Contingent consideration not payable	(30,723)
	<hr/>
At 30 June 2017	<b>4,834,011</b>
	<hr/>
<i>Amortisation and impairment</i>	
At 1 July 2016	115,536
Amortisation charged for the year	351,040
	<hr/>
At 30 June 2017	<b>466,576</b>
	<hr/>
<i>Carrying amount</i>	
At 30 June 2017	<b>4,367,435</b>
	<hr/> <hr/>
At 30 June 2016	2,418,491
	<hr/> <hr/>

The goodwill in the year arose on the share purchase acquisition of Management Communication Services LLC on 22 February 2017.

For further details regarding the business combinations, see note 14.

The company had no intangible fixed assets at 30 June 2017 or 30 June 2016.

## Teneo Group Limited

### Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

#### 12 Property, plant and equipment

Group	Investments to leasehold property £	Fixtures fittings and equipment £	Computer equipment £	Total £
<i>Cost</i>				
At 1 July 2016	23,277	261,768	590,375	875,420
Additions	-	-	76,505	76,505
Disposals	-	(9,797)	-	(9,797)
	<u>23,277</u>	<u>251,971</u>	<u>666,880</u>	<u>942,128</u>
At 30 June 2017	<b>23,277</b>	<b>251,971</b>	<b>666,880</b>	<b>942,128</b>
<i>Depreciation and impairment</i>				
At 1 July 2017	23,277	198,938	517,505	739,720
Charge for the year	-	19,720	59,316	79,037
	<u>23,277</u>	<u>218,658</u>	<u>576,822</u>	<u>818,757</u>
At 30 June 2017	<b>23,277</b>	<b>218,658</b>	<b>576,822</b>	<b>818,757</b>
<i>Carrying amount</i>				
At 30 June 2017	-	<b>33,313</b>	<b>90,058</b>	<b>123,371</b>
At 30 June 2016	-	62,830	72,870	135,700

The company had no property, plant and equipment assets at 30 June 2017 or 30 June 2016.

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

### 13 Fixed asset investments

	Company 2017 £	Company 2016 £
Investments in subsidiaries	<b>476,944</b>	476,944

#### Subsidiaries

Details of the company's subsidiaries at 30 June 2017 are as follows:

Company name	Country of incorporation	Nature of business	Registered address
Teneo Limited	UK	Sales of IT hardware, software and services	Units 20/21 Theale Lakes Business Park, Moulden Way, Sulhamstead, Reading, Berkshire, RG74GB
Teneo Inc	USA	Sales of IT hardware, software and services	44330 Mercure Circle, Suite 260, Dulles, VA, 20166
Teneo Australia Pty Limited	Australia	Sales of IT hardware, software and services	L20, Tower 2 Darling Park, 201 Sussex Street, Sydney, NSW 2000
Teneo France SAS	France	Sales of IT hardware, software and services	65 Rue Des Trois Fontanot, 92000 Nanterre, France
Teneo Technologies SRO	Czech Republic	Dormant	Na Strzi 1702/65, Prague, Czech Republic 140 00
MCS LLC *	USA	Sales of IT hardware, software and services	3929 S 147 <sup>th</sup> Street, Suite 100-S, Omaha, NE 68144

\* MCS LLC is indirectly held by Teneo Limited.

Teneo Limited owns 100% of the ordinary share capital of the above subsidiaries.

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 Limited	357,786	952,914
Teneo Inc	138,680	915,818
Teneo Australia Pty Limited	68,627	(192,593)
Teneo France SAS	(82,860)	(321,071)
Teneo Technologies SRO	-	348
MCS LLC	3,145	271,314

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

### 14 Business combinations

#### *Acquisition of Management Communication Services LLC*

On 22 February 2017 the group acquired 100% of Management Communication Services LLC for £2,101,683 paid in cash.

In calculating the goodwill arising on acquisition, the fair value of net assets of £268,620 have been assessed and adjustments from book value have been made where necessary.

	<b>Fair value</b> £
Current assets	
Debtors	1,648,573
Cash at bank and in hand	276,633
	<hr/>
<b>Total assets</b>	<b>1,925,206</b>
	<hr/>
Creditors	
Due within one year	1,656,586
	<hr/>
<b>Net assets</b>	<b>268,620</b>
Goodwill (note 11)	2,330,707
	<hr/>
<b>Total purchase consideration (including expenses of £181,515)</b>	<b>2,599,327</b>
	<hr/>
Purchase consideration settled in cash	2,101,683
Cash and cash equivalents in subsidiary acquired	276,633
	<hr/>
<b>Cash outflow on acquisition</b>	<b>1,825,050</b>
	<hr/>

Management have assessed the nature of the intangible assets included within the goodwill acquired to be customer-related intangibles. These intangible assets have not been separately recognised as they did not meet the three recognition criteria under the December 2017 FRS 102 amendments - Triennial Review 2017.

The useful economic life of goodwill has been estimated to be 10 years, based on estimates. The fair value of contingent consideration at the date of acquisition of £497,644 may be payable on the achievement of certain performance related targets.

# Teneo Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2017 *(continued)*

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## 14 Business combinations *(continued)*

The results of Management Communication Services LLC since its acquisition are as follows:

	<b>Current period since acquisition £</b>
Turnover	4,601,337
Profit for the year	<u>3,145</u>

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

### 14 Business combinations (continued)

#### Acquisition of VistaOne Corporation LLC

In the prior year on 13 January 2016, Teneo Inc acquired the trade and assets of VistaOne Corporation LLC for £1,461,663 paid in cash.

In calculating the goodwill arising on acquisition, the fair value of net assets of £336,072 have been assessed and adjustments from book value have been made where necessary.

	Fair value £
Fixed assets	
Tangible	56,012
	<hr/>
	56,012
Current assets	
Debtors	2,200,379
Cash at bank and in hand	282,944
	<hr/>
<b>Total assets</b>	<b>2,539,335</b>
	<hr/>
Creditors	
Due within one year	2,203,263
	<hr/>
<b>Net assets</b>	<b>336,072</b>
Goodwill (note 11)	2,414,535
	<hr/>
<b>Total purchase consideration</b>	<b>2,750,607</b>
	<hr/>
Purchase consideration settled in cash	1,344,287
Cash and cash equivalents in subsidiary acquired	(282,944)
	<hr/>
<b>Cash outflow on acquisition</b>	<b>1,178,719</b>
	<hr/> <hr/>

The useful economic life of goodwill has been estimated to be 10 years, based on estimates. Promissory notes of £298,731 were issued as part of the consideration payable and the fair value of deferred consideration on the date of acquisition of £1,107,589 may be payable on the achievement of certain performance related targets. In the current year £201,145 of this contingent consideration was paid.

## Teneo Group Limited

### Notes forming part of the financial statements for the year ended 30 June 2017 *(continued)*

#### 15 Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Carrying amount of financial assets				
Measured at amortised cost	12,182,423	11,182,369	-	-
Held as Cash	1,642,122	665,216	-	-
Equity instruments measured at cost less impairment	-	-	476,944	476,944
Instruments measured at fair value through profit or loss	-	184,576	-	-
<hr/>				
Carrying amount of financial liabilities:				
Measured at amortised cost	15,202,923	8,268,848	373,728	373,728
Instruments measured at fair value through profit or loss	36,272	-	-	-
<hr/>				

Financial assets measured at amortised cost comprise trade debtors and amounts owed by group companies.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group companies.

Information regarding the company's exposure to and management of credit risk, liquidity risk, cash flow interest rate risk, and foreign exchange risk is included in the Report of the directors.

#### 16 Inventories

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	168,475	165,303	-	-
<hr/>				

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 *(continued)*

### 17 Trade and other receivables

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<i>Amounts falling due within one year</i>				
Trade and other receivables	11,961,142	11,172,884	-	-
Corporation tax recoverable	-	12,469	-	-
Derivative financial instruments	-	194,576	-	-
Other receivables	477,847	21,307	-	-
Prepayments and accrued income	6,751,615	7,886,925	-	-
	<u>19,190,604</u>	<u>19,278,161</u>	<u>-</u>	<u>-</u>
Deferred tax asset (note 20)	86,023	83,644	-	-
	<u>19,276,627</u>	<u>19,361,805</u>	<u>-</u>	<u>-</u>
<i>Amounts falling due after more than one year</i>				
Prepayment and accrued income	2,668,399	1,591,608	-	-
	<u>21,945,026</u>	<u>20,953,413</u>	<u>-</u>	<u>-</u>

### 18 Current liabilities

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans and overdrafts	1,791,601	1,056,759	-	-
Trade payables	8,952,701	6,949,200	-	-
Amounts due to group undertakings	-	-	373,794	373,728
Corporation tax payable	197,998	221,878	-	-
Other taxation and social security	309,359	362,117	-	-
Deferred income	9,516,241	6,663,087	-	-
Other payables	143,184	295,278	-	-
Accruals	1,249,567	4,500,020	-	-
Derivative financial instrument	36,272	-	-	-
	<u>22,196,923</u>	<u>20,048,339</u>	<u>373,794</u>	<u>373,728</u>

## Teneo Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2017 (*continued*)

### 19 Non-current liabilities

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans and overdrafts	307,227	298,730	-	-
Deferred income	3,601,497	2,383,146	-	-
Other payables	1,470,695	954,159	-	-
	<u>5,379,419</u>	<u>3,636,035</u>	<u>-</u>	<u>-</u>

### 20 Borrowings

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	2,098,848	1,355,489	-	-
Payable within one year	1,791,601	1,056,759	-	-
Payable after one year	307,227	298,730	-	-

A subsidiary of the company, Teneo Inc., entered into a loan to finance the acquisitions of VistaOne LLC and Management Communication Services LLC, secured on the assets of Teneo Inc., bearing interest at base plus 2% (currently 6.5%).

The credit line has been extended for a further 12 month term to the end of February 2019.

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

### 21 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 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
<b>Group</b>				
Accelerated capital allowances	-	1,071	-	-
Other timing differences	-	-	86,023	83,644
	-	1,071	86,023	83,644
	-	1,071	86,023	83,644

The company has no deferred tax assets or liabilities.

	Group 2017 Asset £	Group 2017 Liability £	Company 2017 £
<i>Movements in the year</i>			
Asset/(liability) at 1 July 2016	83,644	(1,071)	-
Charge to profit or loss	2,379	1,071	-
	86,023	-	-
	86,023	-	-

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.

### 22 Deferred income

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Arising from deferred income	13,190,048	9,046,233	-	-
	13,190,048	9,046,233	-	-
	13,190,048	9,046,233	-	-

Deferred income is included in the financial statements as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Current liabilities	9,588,551	6,663,087	-	-
Non-current liabilities	3,601,497	2,383,146	-	-
	13,190,048	9,046,233	-	-
	13,190,048	9,046,233	-	-

# Teneo Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

<b>23 Pension</b>		<b>2017</b>	<b>2016</b>
		£	£
<b>Defined contribution schemes</b>			
Charge to profit or loss in respect of defined contributions schemes		<b>322,275</b>	273,701
		<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.

<b>24 Share capital</b>		<b>2017</b>	<b>2016</b>
		£	£
<i>Authorised</i>			
100,000 ordinary shares at £1 each		<b>100,000</b>	100,000
		<u>          </u>	<u>          </u>
<i>Issued and fully paid</i>			
67,567 ordinary shares of £1 each		<b>67,567</b>	73,442
		<u>          </u>	<u>          </u>

On 7. September 2016 the company repurchased and cancelled 5,875 shares with a nominal of £1.

### 25 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:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Within one year	<b>185,205</b>	190,007	-	-
Between two and five years	<b>154,910</b>	60,000	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>340,115</b>	250,007	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# Teneo Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2017 (*continued*)

## 26 Related party transactions

### Remuneration of key management personnel

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

Group	2017 £	2016 £
Aggregate compensation	530,147	545,942

No guarantees have been given or received.

## 27 Directors' transactions

Dividends totalling £Nil (2016 - £Nil) were paid in the year in respect of shares held by the company's directors. 5,875 shares were repurchased at £48.80 per share from R Jones and cancelled on the date of his resignation as a director of the Company on 7<sup>th</sup> September 2016.

## 28 Controlling party

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