

**SHL GROUP HOLDINGS 1 LIMITED  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**Registered Number: 5919061**



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**REGISTERED OFFICE:** The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 ONE

**DIRECTORS' REPORT**

The directors present their directors' report and the audited financial statements of SHL Group Holdings 1 Limited ("the Company") for the year ended 31 December 2012

**PRINCIPAL ACTIVITIES**

The principal activity of the company is to act as a holding and group financing company. The Company is a wholly owned subsidiary of The Corporate Executive Board Company Incorporated ("CEB") and has been consolidated into those financial statements.

**BUSINESS REVIEW**

The results for the year ended 31 December 2012 are set out in the Profit and Loss Account on page 6. During the year the Company incurred interest on the loans with group undertakings. The results show a profit on ordinary activities before taxation of £31,000 (2011 profit of £44,000).

The directors consider that the Company will continue these activities in the coming year and consider it appropriate to prepare the financial statements on a going concern basis. Further disclosure is given in note 1.

On 2 August 2012 the CEB acquired the Company and its subsidiaries (the "SHL Group").

**GOING CONCERN**

The directors consider it appropriate to prepare the financial statements on a going concern basis. Further disclosure is given in note 1.

**DIRECTORS**

The directors who held office during the year and since the year end were as follows:

- S Barrett (resigned 1 June 2012)
- E V Lancaster (resigned 27 November 2012)
- D B Leigh (resigned 27 November 2012)
- D A Thorpe (resigned 2 August 2012)
- L J Stone (resigned 2 August 2012)
- C Sandham (resigned 2 August 2012)
- M J Rourke (resigned 2 August 2012)
- C J Phillips (appointed 1 June 2012)
- M D Franks (appointed 27 November 2012)

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**REAPPOINTING OF AUDITOR**

Following the acquisition of the SHL Group by CEB, Ernst & Young LLP were appointed as auditors on 29 October 2012 following the resignation of Deloitte LLP.

In accordance with s 485 of the Companies Act 2006, Ernst & Young LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By Order of the Board

  
**Martin Franks**  
Director  
25 April 2013

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial 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 Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SHL GROUP HOLDINGS 1 LIMITED**

We have audited the financial statements of SHL Group Holdings 1 Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 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. 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 company's affairs as at 31 December 2012 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.

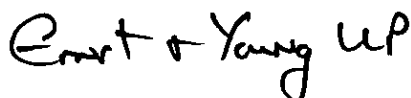
**Opinion on other matter prescribed by the Companies Act 2006**

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Michael Wansbury (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

**26 APR 2013**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2012**

	Notes	2012 £'000	2011 £'000
Administrative expenses		(16)	-
<b>Operating loss</b>	2	(16)	-
Interest receivable and similar income	3	47	44
<b>Profit on ordinary activities before taxation</b>		31	44
Taxation on profit on ordinary activities	4	-	-
<b>Profit for the year</b>	9	31	44

The profit for the year is entirely generated from continuing activities

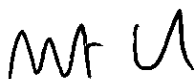
The Company has no recognised gains or losses other than the profit for the current year and the profit for the preceding year and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit for the year as shown in the profit and loss above and historical cost profit before tax for the current year

**BALANCE SHEET**  
As at 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Investments	5	1,812	1,812
<b>Current assets</b>			
Debtors	6	677	596
Cash at bank and in hand		20	69
<b>Net current assets</b>		697	665
<b>Total assets less current liabilities</b>		2,509	2,477
<b>Net assets</b>		2,509	2,477
<b>Capital and reserves</b>			
Called up share capital	7	2,694	2,693
Profit and loss account	7	185	(216)
<b>Shareholders' funds</b>		2,509	2,477

These financial statements of SHL Group Holdings 1 Limited, registered number 5919061, were approved by the board of directors and authorised for issue on 25 April 2013 and signed on its behalf by



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Martin Franks  
Director

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The following principal accounting policies have been applied consistently in the current year and prior year in dealing with items which are considered material in relation to the financial statements

#### (A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. The Company is exempt from the requirement of FRS 1 (revised 1996) *Cash Flow Statements* to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of The Corporate Executive Board Company Incorporated ("CEB") and its cash flows are included within the consolidated cash flow statement of that company. The Company has not prepared consolidated financial statements as it is a wholly owned subsidiary of CEB, a company registered in United States of America and ultimate parent which prepares consolidated financial statements (Companies Act 2006 s401) and are publicly available. These financial statements thus present information about the Company as an individual undertaking and not as a Group.

#### *Going concern*

The Company is a wholly owned subsidiary undertaking of CEB, a company listed on the New York Stock Exchange. The directors consider it appropriate to prepare these financial statements on a going concern basis, having regard to the SHL Group forecast to 31 December 2014.

The directors have a reasonable expectation that the Company and a group have adequate resource to continue in operation existence for the foreseeable future.

Accordingly they consider it is appropriate to continue to adopt the going concern basis in preparing the Company's financial statements.

#### (B) INVESTMENTS

Investments in subsidiary undertakings are stated at cost less provision for impairment and reviewed annually for impairment.

#### (C) TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 *Deferred tax*. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it is considered that there will be sufficient future profits from which the reversal of the timing losses can be deducted.

#### (D) BORROWINGS

Interest-bearing loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

No staff costs were incurred during the current year (2011 £nil) and the directors received no emoluments from the Company in the year (2011 £nil). The directors have received emoluments from the group undertaking, SHL Group Limited, of which none related to their services as directors of the Company.

Audit fees of £5,000 (2011 £5,000) are borne and not recharged by the group undertaking, SHL Group Limited in both years.

## 3. INTEREST RECEIVABLE AND OTHER SIMILAR CHARGES

	2012 £'000	2011 £'000
Group interest receivable	44	41
Other interest receivable	3	3
Total interest receivable and similar income	<u>47</u>	<u>44</u>

## 4. TAXATION

	2012 £'000	2011 £'000
Tax charge on profit on ordinary activities for the year	-	-
Tax reconciliation is provided below		
Profit on ordinary activities before taxation	31	44
Profit on ordinary activities at the standard rate of UK corporation tax of 24.5% (2011 26.5%)	(8)	(12)
Effects of		
Group relief claimed for nil consideration	8	12
	<u>-</u>	<u>-</u>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

The Finance Act 2012, which includes a reduction in the UK corporate tax rate to 24% from April 2012 and 23% from April 2013 has now been enacted and so UK deferred tax assets and liabilities have been calculated accordingly at 23%.

The UK government intends to reduce the UK corporate income tax rate further, to 21% by 1 April 2014 and 20% by 1 April 2015, which will be enacted in subsequent Finance Bills. Consequently, the Company will only recognise the impact of the rate change which is substantively enacted at that time in its financial statements. The further reduction in tax rate will affect both the future current and deferred tax charge of the Company. However, for indicative purposes only, the effect of the proposed reduction in the corporate income tax rate to 20% is £nil.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 5. INVESTMENTS

Cost	Equity in Group Undertaking £'000
At 1 January 2012 and 31 December 2012	1,812

The Company has fixed asset investments in the following Group undertaking

	Country of Incorporation	Effective Holding 2011 & 2012
SHL Group Holdings 2 Limited	England & Wales	100%

SHL Group Holdings 2 Limited is a holding and group financing company

## 6. DEBTORS DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Amounts owed by group undertakings	677	509

Interest is receivable on the amounts owed by group undertaking at 9.6% (2011 at 9.6% per annum) and are to be repaid on demand or at the latest on 1 January 2020

## 7. SHARE CAPITAL AND RESERVES

	2012 £'000	2011 £'000
Ordinary A shares of £1 each	715	714
Ordinary B shares of £1 each	1,979	1,979
	<u>2,694</u>	<u>2,693</u>
	Called Up Share Capital £'000	Profit and Loss Account £'000
At 1 January 2012	2,693	(216)
Profit for the year	-	31
Additional shares issued	1	-
At 31 December 2012	<u>2,694</u>	<u>(185)</u>
		Total £'000
		2,477
		31
		1
		<u>2,509</u>

In the event of a winding-up or sale of the Company, the holders of ordinary B shares have preferential rights over the holders of ordinary A shares

## 8. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 Related Party Disclosures that transactions with wholly owned subsidiaries, do not need to be disclosed

## 9. CONTROLLING PARTIES

The Company is a wholly owned subsidiary undertaking of The Corporate Executive Board Company Limited. The largest and smallest group into which the Company will be consolidated is The Corporate Executive Board Company Incorporated ("CEB"), a company incorporated in the USA. No other group financial statements include the results of the Company. The consolidated statements for CEB are available to the public and may be obtained from their official website [www.executiveboard.com](http://www.executiveboard.com)