

**SHL GROUP HOLDINGS 2 LIMITED  
STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**Registered Number: 5919146**

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**SHL GROUP HOLDINGS 2 LIMITED**  
**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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

## STRATEGIC REPORT

The directors present their strategic report, of SHL Group Holdings 2 Limited ("the Company") for the year ended 31 December 2013.

### 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 Boards Company Incorporated ("CEB") and its results have been consolidated into those financial statements.

### BUSINESS REVIEW

The business continued to be an investment holding company during the year.

The results for the year ended 31 December 2013 are set out in the Profit and Loss Account on page 7. During the year the Company incurred interest from loans with its parent undertaking. The results show a loss on ordinary activities before taxation of £35,000 (2012: £7,539,000). The decrease in the loss on ordinary activities before taxation is as a result of the acquisition of SHL Group Holdings 1 Limited, the immediate parent undertaking of the Company, and its subsidiaries (the "SHL Group") by CEB in August 2012 whereby as part of the acquisition the remaining interest bearing shareholder loans payable to HgCapital by the Company were fully repaid.

### FUTURE DEVELOPMENTS

The Directors' expect the business to continue to be an investment holding company in the future and do not anticipate any strategic change.

### PRINCIPAL RISKS AND UNCERTAINTIES

#### *Investment Risk*

The global financial and economic situation may have a negative impact on the value of the investment in subsidiary. In particular, on-going instability in or a collapse of the Eurozone could trigger a new wave of financial crises and push the world back into recession, leading to underperformance in the investment.

By Order of the Board



**Martin Franks**  
Director  
14 April 2014

**DIRECTORS' REPORT**

The directors present their directors' report and the audited financial statements of SHL Group Holdings 2 Limited ("the Company") for the year ended 31 December 2013.

**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:

D Ryell (appointed 22 July 2013)  
C J Phillips (resigned 31 July 2013)  
M D Franks

**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.

In accordance with S485 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  
14 April 2014

**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 2 LIMITED**

We have audited the financial statements of SHL Group Holdings 2 Limited for the year ended 31 December 2013 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 set out on page 5, 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 Strategic Report, Directors' Report and Financial Statements 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 company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion 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.

**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

15 APR 2014

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2013**

	Notes	2013 £'000	2012 £'000
<b>Operating profit</b>		-	-
<u>Net interest payable and similar charges</u>	<u>2</u>	<u>(35)</u>	<u>(7,539)</u>
<b>Loss on ordinary activities before taxation</b>	<b>3</b>	<b>(35)</b>	<b>(7,539)</b>
<u>Taxation on loss on ordinary activities</u>	<u>4</u>	<u>-</u>	<u>-</u>
<b>Loss for the year</b>	<b>7</b>	<b>(35)</b>	<b>(7,539)</b>

The loss for both years is entirely generated from continuing activities.

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

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

**BALANCE SHEET**  
**As at 31 December 2013**

		2013 £'000	2012 £'000
<b>Fixed assets</b>			
Investments	5	62,832	62,832
<b>Current assets</b>			
Cash and short term deposits		2	2
		2	2
<b>Creditors: amounts falling due within one year</b>	6	(108,952)	(108,917)
<b>Net current liabilities</b>		(108,950)	(108,915)
<b>Total assets less current liabilities</b>		(46,118)	(46,083)
<b>Net liabilities</b>		(46,118)	(46,083)
<b>Capital and reserves</b>			
Called up share capital	7	1,812	1,812
Profit and loss account	7	(47,930)	(47,895)
<b>Shareholders' deficit</b>		(46,118)	(46,083)

These financial statements of SHL Group Holdings 2 Limited, registered number 5919146, were approved by the board of directors and authorised for issue on 14 April 2014 and signed on its behalf by:



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. The financial statements are presented in £ GBP and in £'000's.

#### (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 The Corporate Executive Board Company Incorporated, a company incorporated and registered in the 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 The Corporate Executive Board Company Incorporated ("CEB"), a US company listed on the NYSE. The directors consider it appropriate to prepare these financial statements on a going concern basis, having regarded to the forecast of SHL Group Holdings 1 Limited, the parent undertaking of the Company, and its subsidiaries ("the SHL Group") and based on the letter of support obtained from CEB.

Notwithstanding the net current liabilities of £108,950,000 at 31 December 2013 (2012: liabilities of £108,915,000), the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operation existence for the foreseeable future.

Accordingly, having taken into account the uncertainties referred to above, 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. If, after an impairment loss has been recognised, the recoverable amount increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss should be recognised in the current period. The reversal of the impairment loss should be recognised in the profit and loss account unless it arises on a previously revalued fixed asset

#### (C) FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rate of exchange ruling at the balance sheet date and the gains and losses on transaction are included in the profit and loss account.

#### (D) 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.

#### (E) 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. NET INTEREST PAYABLE AND OTHER SIMILAR CHARGES

	2013 £'000	2012 £'000
Net exchange gain	-	6
Total interest receivable and similar income	-	6
Other interest payable	-	(7,501)
Group interest payable	(35)	(44)
Total interest payable and similar charges	(35)	(7,545)
Net interest payable and similar charges	(35)	(7,539)

## 3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

No staff costs were incurred during the year (2012: £nil) and the directors received no emoluments from the Company in the year. The directors have received emoluments from the group undertaking, SHL Group Limited, of which none related to their services as directors of the Company. The company is a very small element of the SHL Group and therefore the directors do not consider it appropriate to apportion the directors' remuneration to the service provided to the Company.

Audit fees of £5,000 (2012: £5,000) are borne and not recharged by the group undertaking, SHL Group Limited in both years.

The Company had no (2012: nil) employees in the year.

## 4. TAXATION

	2013 £'000	2012 £'000
Tax charge on loss on ordinary activities for the year	-	-
A tax reconciliation is provided below:		
Loss on ordinary activities before taxation	(35)	(7,539)
Loss on ordinary activities at the standard rate of UK corporation tax of 23.25% (2012: 24.5%)	8	1,847
Effects of:		
Losses not utilised	-	(1,686)
Short term timing difference	-	1,119
Group relief surrendered for nil consideration	(8)	(7)
Consortium relief surrendered for nil consideration	-	(1,273)
	-	-

The Finance Act 2013 has been enacted by the UK government from July 2013 to reduce the UK corporate income tax rate further, to 21% by 1 April 2014 and 20% by 1 April 2015. The further reduction in tax rate will affect any future deferred tax charge of the Company. 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

Equity in Group  
Undertaking  
£'000

Cost and Net book value:

At 1 January 2013 and 31 December 2013

62,832

The Company has fixed asset investments in a group undertaking as follows:

	Country of Incorporation	Effective Holding 2013 and 2012
SHL Group Holdings 3 Limited	England & Wales	67%

SHL Group Holdings 3 Limited is a holding and group financing company.

The remaining 33% shareholding of the Company is owned by another group undertaking, The Corporate Executive Board Company (UK) Limited.

The Company has taken advantage of the exemption in s410 of the Companies Act 2006 only to disclose a list comprising solely the principal subsidiaries. A full list of subsidiaries will be sent to Companies House with the next annual return.

## 6. CREDITORS: Amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to parent undertakings	108,952	108,917

## 7. SHARE CAPITAL AND RESERVES

	Allotted, Called up and Fully Paid 2013 and 2012
Equity:	No.
Ordinary shares of £1 each	1,811,767

	Called Up Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2013	1,812	(47,895)	(46,083)
Loss for the year	-	(35)	(35)
At 31 December 2013	1,812	(47,930)	(46,118)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. RELATED PARTY TRANSACTIONS**

The Company, a wholly owned subsidiary undertaking of The Corporate Executive Board Company Incorporated ("CEB"), 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 SHL Group Holdings 1 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 financial statements for CEB are available to the public and may be obtained from their official website [www.executiveboard.com](http://www.executiveboard.com).