

Registered number: 06549573

SHL PRODUCT LTD

UNAUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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SHL PRODUCT LTD

COMPANY INFORMATION

Directors

Michael Edmondson
Paul John Greensmith (resigned 31 January 2023)
James John Moody (appointed 25 January 2022)
Kerry Jenkins (appointed 13 March 2023)
Nicholas Malley (resigned 25 January 2022)

Registered number

06549573

Registered office

The Pavilion
1 Atwell Place
Thames Ditton
United Kingdom
KT7 0NE

SHL PRODUCT LTD

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SHL PRODUCT LTD

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 €000	2021 €000
Current assets			
Debtors: amounts falling due within one year	7	6,040	6,130
Cash at bank and in hand	8	479	255
		<u>6,519</u>	<u>6,385</u>
Creditors: amounts falling due within one year	9	(5,378)	(5,507)
Net current assets		<u>1,141</u>	<u>878</u>
Total assets less current liabilities		<u>1,141</u>	<u>878</u>
Net assets		<u>1,141</u>	<u>878</u>
Capital and reserves			
Foreign exchange reserve		(81)	(18)
Profit and loss account		1,222	896
		<u>1,141</u>	<u>878</u>

The Company has taken advantage of section 444(1) of the Companies Act 2006 and opted not to deliver to the registrar a copy of the company's Profit and Loss Account and Director's report. The Directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 June 2023

DocuSigned by:

 FFE3F892CA1F4FA
James John Moody
 Director

SHL PRODUCT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

SHL Product Limited ("the Company") (registered number 06549573) provides solutions for clients as they assess candidates when making hiring decisions (talent acquisitions) and current employees to make talent development, promotion and restructuring decisions (Talent Mobility).

SHL Product Limited is a private company limited by shares, incorporated in England with its Registered Office being The Pavilion, 1 Atwell Place, Thames Ditton Surrey, KT7 0NE, UK. The Company is a wholly owned subsidiary of SHL International Management Limited and the Ultimate Parent Company being SHL Global Management Limited (the "Group" or "the SHL Group").

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of SHL Global Holdings 2 Limited as at 31 December 2022 and these financial statements may be obtained from 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE, UK.

SHL PRODUCT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.3 Going concern

The Directors have prepared cash flow forecasts for the Group for a period through to 31 December 2024. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future trading performance. The Directors have considered sensitivities to this forecast trading performance.

On the basis of the exercise described above and the Group's available committed borrowing facilities, the Directors consider that the Group and Company have adequate resources to continue in operational existence and support its growth and investment plans for a period of at least 12 months from the date of signing of these accounts.

SHL Global Holdings 2, one of the wholly owned subsidiaries of the Group, provides a guarantee on all outstanding liabilities (Note 12) of its UK subsidiaries as at 31 December 2022, which include SHL Product Limited. On this basis, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors are adopting a going concern basis in preparing the financial statements of the Company.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros and rounded to the nearest thousand. The functional currency of each of the branches is as follows: Finland (Euro), Sweden (Swedish Krona), Denmark (Danish Krona) and Abu Dhabi (AED).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

SHL PRODUCT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Turnover is recognised as follows in accordance with Section 23 of FRS 102:

Software as a service (SaaS) revenue includes:

Subscriptions and License fees: subscription and license contracts provide access to the Group's on-line offering, generally for a period of 12 months. Revenue from these contracts is recognised on a straight line basis over the life of the contract, which best reflects the usage pattern by the client and satisfaction of the performance obligation in the contract.

Unit usage product revenue: revenue from web-based unit sales is recognised on usage of the purchased units.

Solution deployment revenue includes such professional services as consulting, advisory and training revenue. Consulting and advisory revenue are recognised over the life of the project according to the stage of completion. In some cases, clients receive access to a defined number of consulting days when they purchase units or a subscription contract. In this situation the consulting revenue is recognised when the consultant performs the work. Training revenue is recognised on delivery of the training to the client.

Outsourced assessment revenue is recognised over the life of the project according to the stage of completion.

Other revenue includes non-unit usage product revenue such as sales of paper and pencil and PC based products. Revenue from these sales is recognised on delivery to the customer base.

The revenue is measured at the transaction price agreed under the contract. Where a single contract involves the delivery of more than one revenue stream, the contract price is allocated over each stream based on pre-determined list prices.

2.6 Leases : the Company as lessee

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the term of the lease.

Leases of fixed assets, where substantially all the risks and benefits associated with the ownership of the asset are transferred to the Company, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases have been recognised in accordance with Section 20 of FRS 102.

SHL PRODUCT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and is reduced to its recoverable amount through an impairment in profit and loss.

An impairment loss recognised is only reversed in a subsequent period if the reasons for the impairment loss have ceased to apply. A reversal of an impairment loss is recognised in profit and loss.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

SHL PRODUCT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Over the remaining life of the lease
Fixtures and fittings	- Between 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Equipment and fixtures include office equipment, furniture, fittings, computer equipment and computer software, which excludes internally developed software.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price, any losses arising from impairment are recognised in the profit and loss in other operating expenses.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. Judgments in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Judgements

Management has made the following judgement, which has an effect on the amounts recognised in the consolidated financial statements: Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In determining whether deferred tax assets should be recognised management make assumptions about future probability and the tax rates at which deductible differences may be realised.

3.2 Assumptions and estimation uncertainty

Information is provided below about the assumptions and other sources of estimation uncertainty that could have the greatest risk of resulting in material adjustments to the carrying value of assets or liabilities in the next financial year.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and growth rate used for extrapolation purposes.

4. Pension Scheme

The Company operates a number of defined contribution pension schemes. The cost of the schemes for the year ended 31 December 2022 was €121,862 (2021: €175,525). At 31 December 2022, the accrual in respect of pension contributions for the Sweden branch was €22,522 (2021: nil).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Taxation

	2022 €000	<i>2021</i> <i>€000</i>
Corporation tax		
Current tax on profits for the year	69	53
Adjustments in respect of previous periods	(14)	2
	55	55
	55	55

Factors affecting tax charge for the year

The effective tax rate for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 €000	<i>2021</i> <i>€000</i>
Profit on ordinary activities before tax	383	611
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	73	116
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	(80)
Higher rate taxes on overseas earnings	(4)	17
Adjustments to tax charge in respect of prior periods	(15)	2
Total tax charge for the year	55	55

Factors that may affect future tax charges

The main rate of Corporation Tax will increase from 19% to 25% for the year starting 1 April 2023.

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**NOTES TO THE FINANCIAL STATEMENTS
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6. Tangible fixed assets

	Leasehold Improvements €000	Fixtures and fittings €000	Total €000
Cost or valuation			
At 1 January 2022	138	364	502
At 31 December 2022	138	364	502
Depreciation			
At 1 January 2022	138	364	502
At 31 December 2022	138	364	502
Net book value			
At 31 December 2022	-	-	-
At 31 December 2021	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Debtors

	2022	2021
	€000	€000
Trade debtors	1,399	1,923
Amounts owed by group undertakings	3,500	3,513
Other debtors	224	167
Prepayments and accrued income	776	360
Tax recoverable	141	167
	6,040	6,130

Interest is receivable on the loans included within amounts owed by group undertakings at a fixed rate of 4% (2021: either 1 month DKK CIBOR plus 200 basis points, 1 Month SEK STIBOR plus 200 basis points and 1 Month NOK NIBOR plus 200 basis points).

8. Cash and cash equivalents

	2022	2021
	€000	€000
Cash at bank and in hand	479	255
	479	255

9. Creditors: Amounts falling due within one year

	2022	2021
	€000	€000
Trade creditors	93	99
Amounts owed to group undertakings	2,019	1,339
Corporation tax	105	60
Other taxation and social security	413	657
Other creditors	24	158
Accruals and deferred income	2,724	3,194
	5,378	5,507

Amounts owed to subsidiary undertakings / Group undertakings are interest free, have no fixed date of repayment and are repayable on demand.

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Share capital	2022	2021
	€000	€000
Allotted, called up and fully paid		
10,000 (2021 - 10,000) Ordinary shares of £0.0002 each	-	-
	<hr/>	<hr/>

11. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	€000	€000
Not later than 1 year	96	209
Later than 1 year and not later than 5 years	115	47
	<hr/>	<hr/>
	211	256
	<hr/>	<hr/>

The Company had no contracted capital commitments at 31 December 2022 and 2021.

12. Contingent Liabilities

As at 31 December 2022, the Company had no contingent liabilities (2021: the Abu Dhabi branch had a bank guarantee related to tender bonds for €35,408).

13. Controlling party

The immediate parent Company is SHL International Management Limited, a private limited company incorporated in England with its Registered Office as The Pavilion 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE, UK.

The largest undertaking for which the Company is a member and for which group financial statements are prepared is SHL Global Management Limited, a private limited company incorporated in England with its Registered Office as The Pavilion 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE, UK. SHL Global Management Limited is the ultimate parent company.

The smallest undertaking for which the Company is a member and for which group financial statements are prepared is SHL Global Holdings 2 Limited, a private limited company incorporated in England with its Registered Office as The Pavilion 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE, UK.

The ultimate controlling party of the Company is Exponent Private Equity LLP, on behalf of the funds under its management.