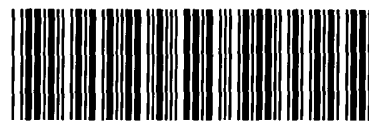


SHL GLOBAL MANAGEMENT LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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SHL GLOBAL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors Andrew James Bradshaw
 Christopher Michael Graham
 Thomas Michael Lightowler
 John Gerard Moore
 Andrew William Myers

Registered number 11172367

Registered office The Pavilion
 1 Atwell Place
 Thames Ditton
 Surrey
 KT7 0NE

Independent auditors Ernst & Young LLP
 1 More London Place
 London
 SE1 2AF

SHL GLOBAL MANAGEMENT LIMITED

CONTENTS

	Page
Group Strategic Report	3 - 5
Directors' Report	6 - 8
Directors' Responsibilities Statement	9
Independent Auditors' Report	10 - 12
Consolidated Income Statement	13
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	16 - 17
Consolidated Statement of Cash Flows	18
Notes to the Consolidated Financial Statements	19 - 62
Company Balance Sheet	63
Company Statement of Changes in Equity	64 - 65
Notes to the Company Financial Statements	66 - 75

The following pages do not form part of the statutory financial statements:

SHL GLOBAL MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Directors present the Strategic Report for the year ended 31 December 2019.

The Coronavirus pandemic

The emergence of the coronavirus in early 2020 has resulted in significant economic uncertainty, the full implications of which remain difficult to assess. The Board has considered the Group's operations in light of this development. SHL's global footprint means it does not have significant dependency on a single client, market or business sector which increases the businesses resilience. The business has continued to operate effectively across all markets during the lock down periods. This has been possible as all employees have the equipment to access to all systems held in the cloud to allow them to carry out their roles. The area of our business that has been more significantly impacted is the face to face delivery of services. The business has responded to this by developing and deploying new virtual products and moving customers to these e.g. video interviewing, virtual assessment centres and virtual training.

Review of the Group's Business

Founded in 1977 SHL is widely recognised as a leader in talent assessment solutions throughout the employee journey. SHL is truly global with 52 offices in 22 countries serving over 10,000 customers in 150+ countries.

Since its acquisition in April 2018 by Exponent, a UK based private equity firm, and a small number of other co-investors, SHL's strategy, delivery and focus have been significantly refreshed in order to fully leverage SHL's best in class science and unrivalled data. The benefits of significant investment in R&D; product; people; systems; data analytics; and facilities are already being felt by our stakeholders.

On 27 November 2019 SHL acquired Aspiring Minds. Aspiring Minds' ground breaking products, including coding, language and video interviewing powered by industry leading Artificial Intelligence (AI) are complementary to SHL's. Financial Details of the acquisition are set out in Note 24.

On 23 December 2019 SHL signed a non exclusive licence with IBM to support its Kenexa product and the ability and intent to provide these to Kenexa's existing customer base.

The Group achieved revenue of \$191.7M for the first full financial year since acquisition and net profit from operations was \$2.5M. Adjusting for one-off restructuring costs associated with the change of ownership and professional fees related to the acquisition of Aspiring Minds EBITDA was in line with management targets.

Cash at the end of the year was \$36M including \$6.6M drawn on the Group's Revolving Credit Facility.

Financial key performance indicators

The Board tracks the following KPIs:

	2019	2018
	\$M	\$M
Revenue	192	128
Gross Margin	103	62
Gross Margin %	54	49
EBITDA before Exceptional items	34	9
Cash	36	29

In addition to these financial KPIs the Board also track several non financial KPIs including Employee Engagement, Energy Consumption, Customer Satisfaction and Compliance metrics.

SHL GLOBAL MANAGEMENT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Principal risks and uncertainties facing the SHL Group

The Board regularly reviews the principal risks and uncertainties that face the business. The principal risks are:

Economic and Market risk – adverse global economic and business conditions can affect SHL's performance and impact its customers' ability and willingness to invest in SHL's products and services. SHL is focused on putting the customer first. Investment to improve our customer proposition has included new products, processes and internal systems. The acquisition of Aspiring Minds adds to SHL's suite of products.

The Coronavirus pandemic – our response is detailed earlier in the Strategic Report.

Data security – SHL holds sensitive data around the world, the management of which is subject to contractual and legislative oversight. Data security is taken very seriously and SHL has robust processes and controls in place over the access, storage and movement of data, including third party verification and testing. The Directors are satisfied that the Group's data security is appropriately managed.

People – SHL is a people business and relies upon the quality of its team. Its people strategy centres around attracting and retaining a talented and agile workforce through the provision of competitive compensation, flexible ways of working, training, and great facilities to work in.

Financial risk – the Group carries third party debt. This has been structured on a basis that mitigates the risk of non-performance and facilities being withdrawn. For more information, see "Financial instruments, risk management objective and policies" in Note 23 to the consolidated financial statements. In addition to this the impact of the Covid 19 pandemic has created a material uncertainty around the modelling of our business over the next twelve months.

SHL GLOBAL MANAGEMENT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Directors' statement of compliance with duty to promote the success of the Group

SHL is committed to creating long term sustainable success for all its stakeholders and the Directors have acted in a way that they considered, in good faith, to be most likely to promote this.

The Board has identified the following key stakeholders and undertook a variety of activities to engage with these stakeholders to bring their views into the Board's principal decisions.

Customers – are at the heart of SHL's business. The Board received regular updates throughout the year on key customer issues through performance updates and business reviews. The directors and executive team also met with a range of customers during the year.

Colleagues – the Board recognises the importance of its colleagues and engages through multiple channels, including regular townhalls, quarterly surveys and employee representation on projects such as the significant refurbishment of SHL's head office in Thames Ditton UK.

Investors – investors receive a monthly reporting pack with key management information. The Board also regularly engages with SHL's investors.

Suppliers – the Board recognises the key role its suppliers play in enabling SHL to deliver to its customers. Paying suppliers in accordance with agreed terms is a key focus. Members of the Board also met with a number of suppliers during 2019.

Community and Environment – SHL is committed to the communities that it operates in as well as its wider economic impacts. SHL supports multiple local groups through its Community Impact day and other community engagement projects. The Board regularly tracks SHL's impact on the environment.

The two case studies below are an example of how stakeholder interests have been taken into account in SHL's principal decisions.

During 2019 the SHL Product team undertook a major overhaul of the delivery channels of the OPQ – one of SHL's premier products. As a result of extensive engagement with Customers the Board were able to approve enhancements that significantly improved the customer experience and time to complete.

During 2018 and 2019 SHL embarked on a comprehensive refurbishment of its headquarter offices in Thames Ditton. Colleagues were engaged throughout the process. From the requirements phase, where each department fed their individual needs into the design to the Champions teams information flowed between the project, colleagues and the Board. As a result the Board and everyone at Thames Ditton are delighted with the new offices.

This report was approved by the board on
and signed on its behalf.



Andrew William Myers
Director

SHL GLOBAL MANAGEMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their Directors' Report together with the audited financial statements of SHL Global Management Limited (registered in England and Wales with registered number 11172367 - "the Company"), and its consolidated group ("the Group") for the period ended 31 December 2019.

Directors

The directors who served during the year were:

Andrew James Bradshaw
Christopher Michael Graham
Thomas Michael Lightowler
John Gerard Moore
Andrew William Myers

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in forecast at the date of this report.

Dividend

There were no interim dividends paid in the period. The Directors do not recommend the payment of a final dividend.

Going concern

The Directors have prepared cash flow forecasts for the Group for a period in excess of 12 months from the date of approval of the 2019 financial statements. 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, especially around Covid 19 where multiple scenarios have been modelled. While based in the UK the Company trades and operates using 25 subsidiaries selling into 150 countries around the world, which provides resilience to variations in economic conditions in any one territory and minimises cross border trading. The forecasts show that the Group will be able to operate within its current committed borrowing facilities and show continued compliance with the Group's financial covenants.

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. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Group and the Company.

Further detail is provided in Note 2 to the financial statements.

Financial instruments

The financial risk management objectives and policies of the Group are detailed in Note 1 to the consolidated financial statements.

Research and development activities

The Group continually invests in research and development to ensure that its products and solutions remain at the forefront of the science in its industry. During the year ended 31 December 2019 the Group capitalised \$4.8 million and expensed \$2.2 million of research and development.

SHL GLOBAL MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Employees

The Group attaches importance to good communications and relations with employees. Employee involvement and consultation is managed in a variety of ways including via employee surveys, team updates, town halls, location visits and online collaborative platforms.

The Group has a diverse workforce and an equal opportunity policy in place. The Group aims to employ people who reflect the diverse nature of society and values employees and their contributions irrespective of age, sex, disability, sexual orientation, race, colour, religion, marital status or ethnic origin.

The Group does not have any trade union representation and appropriate consultation processes are in place, as required under employment legislation, in the event of restructuring activities.

The Group aims to provide awareness of financial and economic factors affecting the performance of the business and further encourages the involvement of employees in the Group's performance through its bonus scheme arrangements.

The Group does not tolerate harassment or bullying. Procedures are in place to respond to accusations of workplace discrimination, harassment and victimization. An effective employee grievance procedure is in place and has been fully communicated to employees.

Disabled persons have equal opportunities when applying for vacancies and the Company has procedures to ensure that disabled colleagues are fairly treated in line with the Equality Act (2010). Where employees become disabled during their employment, the Group endeavours to ensure continuing of employment through the arrangement of appropriate Occupational Health, Training and Employee Assistance support.

Political and charitable contributions

No political or charitable contributions were made during the period.

Directors' statement as to disclosure of information to the auditor

The Directors who were members of the board at the time the Directors' report was approved are listed above. Having made enquiries of fellow Directors and of the Company's Auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post year end events

Other than the uncertain impact of Covid 19, described above and in Note 28, there have been no significant events affecting the Group since the year end.

SHL GLOBAL MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16th July 2020 and signed on its behalf.



Andrew William Myers
Director

SHL GLOBAL MANAGEMENT LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors are responsible for preparing the directors' report and the consolidated financial statements, in accordance with applicable law.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

SHL GLOBAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHL GLOBAL MANAGEMENT LIMITED

Opinion

We have audited the financial statements of SHL Global Management Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which Consolidated Income Statement, the Consolidated and Company Balance Sheet, the Consolidated Statement of Cash Flow, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 below. We are independent of the group and 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.

Emphasis of matter - Effects of COVID-19

We draw attention to Note 2 and Note 28 of the financial statements, which describes the economic and social consequences the company is facing as a result of the outbreak of COVID-19 global pandemic which is impacting, consumer demand and personnel available for work. Our opinion is not modified in respect of this matter.

SHL GLOBAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHL GLOBAL MANAGEMENT LIMITED

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's 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.

Other information

The other information comprises the information included in the annual report set out on pages, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 the 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 or directors' 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.

SHL GLOBAL MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHL GLOBAL MANAGEMENT LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page , 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 group's and the parent 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

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 on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 17 July 2020

SHL GLOBAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019**

		Year ended 31 December 2019 \$000	<i>As restated Period ended 31 December 2018 \$000</i>
	Note		
Revenue	6	191,731	127,645
Cost of sales		(88,911)	(65,652)
Gross profit		<u>102,820</u>	<u>61,993</u>
Administrative expenses		(92,110)	(68,866)
Exceptional items	10	(8,177)	(11,221)
Profit/(loss) from operations		<u>2,533</u>	<u>(18,094)</u>
Finance income	11	93	381
Finance expense	11	(48,137)	(35,756)
Other finance expenses	11	(705)	(61)
Loss before tax		<u>(46,216)</u>	<u>(53,530)</u>
Tax credit	12	6,457	2,908
Loss for the year		<u>(39,759)</u>	<u>(50,622)</u>
Loss for the year attributable to:			
Owners of the parent		(39,782)	(50,647)
Non-controlling interest		23	25
		<u>(39,759)</u>	<u>(50,622)</u>

SHL GLOBAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Year ended 31 December r 2019 \$000 (39,759)	As restated Period ended 31 December 2018 \$000 (50,622)
Loss for the year		
	(6,316)	29,031
Exchange gains arising on translation on foreign operations		
Other comprehensive income for the year, net of tax	<u>(6,316)</u>	<u>29,031</u>
Total comprehensive income	<u>(46,075)</u>	<u>(21,591)</u>
Total comprehensive income attributable to:		
	(46,085)	(21,599)
Owners of the parent	10	8
Non-controlling interest		
	<u>(46,075)</u>	<u>(21,591)</u>

SHL GLOBAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019 \$000	As restated 2018 \$000
Non-current assets			
Property, plant and equipment	13	28,220	31,884
Intangible assets	14	500,720	432,815
Deferred tax assets	12	8,822	7,759
		<u>537,762</u>	<u>472,458</u>
Current assets			
Contract assets		7,283	6,378
Trade and other receivables	16	53,056	38,667
Tax recoverable		10,122	7,090
Cash and cash equivalents		35,971	28,992
		<u>106,432</u>	<u>81,127</u>
Total assets		<u>644,194</u>	<u>553,585</u>
Liabilities			
Non-current liabilities			
Trade and other liabilities	17	2,296	2,298
Loans and borrowings	18	581,027	454,183
Provisions	19	1,252	2,469
Deferred tax liability	12	42,840	42,163
		<u>627,415</u>	<u>501,113</u>
Current liabilities			
Trade and other liabilities	17	37,000	35,105
Contract liabilities		48,391	49,567
Loans and borrowings	18	10,189	3,136
Derivative financial liabilities		2,658	1,625
Income tax payable		3,816	2,324
		<u>102,054</u>	<u>91,757</u>
Total liabilities		<u>729,469</u>	<u>592,870</u>
Net liabilities		<u>(85,275)</u>	<u>(39,285)</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	20	64	63
Share premium reserve	20	1,335	1,251
Foreign exchange reserve	21	22,745	29,048
Retained earnings	21	(109,526)	(69,744)
		<u>(85,382)</u>	<u>(39,382)</u>
Non-controlling interest		107	97
TOTAL EQUITY		<u>(85,275)</u>	<u>(39,285)</u>

This report was approved by the board on 16th July 2020 signed on its behalf by:



Andrew William Myers
Director

SHL GLOBAL MANAGEMENT LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium	Foreign exchange reserve	Retained earnings (restated)	Total attributabl e to equity holders of parent (restated)	Non-contr olling interest	Total equity (restated)
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2019 (as restated)	63	1,251	29,048	(69,744)	(39,382)	97	(39,285)
Comprehensive income for the year							
Loss for the year	-	-	-	(39,782)	(39,782)	23	(39,759)
Other comprehensive income	-	-	(6,303)	-	(6,303)	(13)	(6,316)
Total comprehensive income for the year	-	-	(6,303)	(39,782)	(46,085)	10	(46,075)
Contributions by and distributions to owners							
Issue of share capital	1	84	-	-	85	-	85
Total contributions by and distributions to owners	1	84	-	-	85	-	85
At 31 December 2019	64	1,335	22,745	(109,526)	(85,382)	107	(85,275)

SHL GLOBAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium	Foreign exchange reserve	Retained earnings (restated)	Total attributable to equity holders of parent (restated)	Non-controlling interest	Total equity (restated)
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 3 April 2018 (as previously stated)	75	122,497	-	(19,095)	103,477	89	103,566
Prior year adjustment- Note 29	(12)	(121,305)	11,428	-	(109,889)	-	(109,889)
At 3 April 2018 (as restated)	63	1,192	11,428	(19,095)	(6,412)	89	(6,323)
Comprehensive income for the year							
Loss for the period (as previously stated)	-	-	-	(42,008)	(42,008)	25	(41,983)
Prior year adjustment- Note 29				(8,639)	(8,639)	-	(8,639)
Other comprehensive income	-	-	17,620	-	17,620	(17)	17,603
Total comprehensive income for the year (as restated)	-	-	17,620	(50,647)	(33,027)	8	(33,019)
Contributions by and distributions to owners							
Issue of share capital	-	59	-	-	59	-	59
Purchase of own shares	-	-	-	(2)	(2)	-	(2)
Total contributions by and distributions to owners	-	59	-	(2)	57	-	57
At 31 December 2018 (as restated)	63	1,251	29,048	(69,744)	(39,382)	97	(39,285)

SHL GLOBAL MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$000	As restated 2018 \$000
Cash flows from operating activities		
Loss for the year	(39,782)	(50,630)
Adjustments for		
Depreciation of property, plant and equipment	4,332	5,683
Amortisation of intangible fixed assets	18,597	9,871
Exceptional items	8,177	11,221
Finance income	(93)	(381)
Finance expense	48,842	35,817
(Gain)/loss on sale of property, plant and equipment	(21)	-
Minority interest	23	9
Income tax credit	(6,457)	(2,908)
	33,618	8,682
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(8,823)	21,534
Decrease in inventories	-	235
(Decrease)/increase in trade and other payables	(5,593)	10,944
Outflows relating to exceptional and non-recurring items	(7,799)	(11,221)
	11,403	30,174
Cash generated from operations		
Income taxes paid	(1,625)	(700)
Lease interest paid	(1,121)	(1,474)
Net finance costs paid	(13,740)	(9,176)
	(5,083)	18,824
Net cash (used in)/from operating activities		
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(53,060)	-
Purchases of property, plant and equipment	(5,934)	(5,818)
Proceeds from disposal of property, plant and equipment	56	-
Purchase of intangibles	(3,500)	-
Development expenditure	(14,435)	-
	(76,873)	(5,818)
Net cash used in investing activities		
Cash flows from financing activities		
Issue of ordinary shares	84	58
Proceeds from bank borrowings	92,310	-
Payment of lease liabilities	(2,947)	(1,977)
	89,447	(1,919)
Net cash from/(used in) financing activities		
Net cash increase in cash and cash equivalents	7,491	11,087
Cash and cash equivalents at the beginning of year	28,992	19,471
Exchange loss on cash and cash equivalents	(512)	(1,566)
Cash and cash equivalents at the end of the year	35,971	28,992

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

SHL GLOBAL MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Summary of significant accounting policies (continued)

1.1 Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and its calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent account under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)**1.2 Business combinations (continued)**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 1.2) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)

1.3 Goodwill(continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.4 Revenue from contracts with customers

Revenue in the Consolidated Income Statement represents the value of goods and services provided to external clients net of sales tax and trade discounts and is accounted for in accordance with IFRS 15.

The core principle of IFRS 15 is that revenue is recognised as the promised goods or services are transferred to customers, in an amount reflecting the consideration which is expected to be received in exchange for those goods or services. IFRS 15 applies the following five-step model to achieve this principle:

- Identify all contracts with customers;
- Identify the performance obligations in those contracts;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when, or as, the performance obligations are satisfied.

The principles of IFRS 15 are applied to the Group's different revenue streams as follows:

Subscriptions and Licence fees: subscription and licence contracts provide access to use of 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 obligations in the contract.

Unit usage product revenue: revenue from web-based unit sales is recognised on usage.

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

Professional Services revenue: includes consulting, training and outsourced assessment revenue. Consulting revenue is 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.

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. Most of the Group's contracts cover a period of a year or less, and so significantly all of any contract liability balance at the end of a period is recognised as revenue in the following reporting period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)**1.5 Leasing**

IFRS 16 was endorsed by the EU in October 2017 replacing IAS 17 Leases and is effective for accounting periods beginning on or after 1 January 2019. The Group has elected to apply the standard early, using the modified retrospective approach, with an initial application date of 3 April 2018.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is included in the 'Loans and borrowings' line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)

1.5 Leasing (continued)

The Group as a lessee (continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Consolidated Statement of Financial Position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 1.11.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

1.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred directly in connection with the borrowing of funds.

1.7 Employee benefits

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)

1.8 Pension costs

The Group operates a number of defined contribution pension schemes. Obligations for contributions are recognised as an expense in the Consolidated Income Statement as incurred. The assets of the schemes are held separately from those of the Group in independently administered funds.

1.9 Research and development expenditure

Research: expenditure on research activities is recognised in the Consolidated Income Statement as an expense in the year in which it is incurred.

Development: development is the application of research findings for the production of new or substantially improved products, processes and services before the start of commercial production. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, development expenditure is recognised in the Consolidated Income Statement as an expense in the year in which it is incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses and is amortised on a straight-line basis over the estimated useful life of the development.

1.10 Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)**1.10 Taxation (continued)****(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)

1.11 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the asset's purchase price and all costs directly attributable to bringing the asset to the location and condition necessary for it to be operated as intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Right of Use of Assets	Over the remaining life of the lease
Leaseholds improvements	Over the remaining life of the lease
Equipment & fixtures	3-5 years straight-line

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

The depreciation method, residual values and estimated useful lives are reviewed, and changed if appropriate, at least at each financial year-end. An asset's carrying amount is immediately written down to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

1.12 Foreign currencies

The individual financial statements of each Group entity are prepared in their functional currency, which is the currency of the primary economic environment in which that entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into US dollars, which is the presentational currency of the Group.

Reporting foreign currency transactions in functional currency

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent balance sheet date:

- Foreign currency monetary items are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the Consolidated Income Statement; and
- Non-monetary items measured at historical cost in a foreign currency are not retranslated.

Translation from functional currency to presentational currency

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)

1.12 Foreign currencies (continued)

When the functional currency of a Group entity is different from the Group's presentational currency (US dollars), its results and financial position are translated into the presentational currency as follows:

- Assets and liabilities are translated using exchange rates prevailing at the balance sheet date;
- Income and expense items are translated at average exchange rates for the period, except where the use of such average rates does not approximate the exchange rate at the date of a specific transaction, in which case the transaction rate is used; and
- All resulting exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity and are reclassified to profit or loss in the period in which the foreign operation is disposed.

1.13 Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Development expenditure	Over the estimated useful life of each project
Trademarks	12 years
Licences	8 years
Customer relationships	15 years , order back log 1 year

Customer and marketing related intangible assets are amortised over their estimated useful lives on a straight-line basis. Technology related intangible assets are amortised over their estimated useful lives in a manner that reflects the obsolescence profile of the underlying asset, with lower rates of obsolescence in both the first and last 4 years of the assets' lives.

(ii) Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)

1.13 Intangible assets (continued)

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

1.14 Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

1.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Summary of significant accounting policies (continued)**1.15 Impairment of tangible and intangible assets other than goodwill (continued)**

Recoverable amount is the higher of fair value less costs of disposal 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see Note 1.11).

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see Note 1.11).

1.16 Cash and short-term deposits

Cash and short-term deposits in the Consolidated Balance sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

1.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHL GLOBAL MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Summary of significant accounting policies (continued)

1.18 Financial instruments

• Financial assets

At initial recognition, financial assets are measured at their fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Trade and other receivables: trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less impairment losses. The Group applies the simplified approach to recognising expected credit losses on its trade receivables, as per the scope exception in IFRS 9 in which all loss allowances for trade receivables are measured at initial recognition and throughout its life at an amount equal to lifetime expected credit losses. This is consistent with the nature of the Group's trade receivables, which do not include a significant financing component.

Cash and short-term deposits: cash and short-term deposits in the Consolidated Balance Sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

• Financial liabilities

At initial recognition, financial liabilities are measured at their fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Interest-bearing loans and borrowings: Interest-bearing loans and borrowings are initially recognised at fair value plus directly attributable transaction costs. After initial recognition they are measured at amortised cost, using the effective interest method.

Lease liabilities: Lease liabilities are recognised in accordance with IFRS 16 (see note above 1.5).

Trade and other payables: trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

2. Reporting entity

SHL Global Management Limited (the 'Company') is a limited company incorporated in the UK. The Company's registered office is at The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in providing 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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Reporting entity (continued)

Going concern

The Directors have prepared cash flow forecasts for the Group for a period in excess of 12 months from the date of approval of the 2019 financial statements. 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, especially around Covid 19 where multiple scenarios have been modelled.

For the purposes of the going concern assessment, a revised forecast post COVID-19 has been modelled with sensitivities on contractual bookings, the driver of revenue. The sensitivity modelled for the primary SHL business, which represented over 80% of the groups revenues in 2019, reduced contractual bookings by up to 29% compared to prior year actuals for the remaining quarters of the 2020 calendar year. A further forecast, the stress case forecast, which the directors believe to be a remote possibility reduced the contractual bookings by 55% over the same period compared to prior year actuals.

As well as the expected downturn in revenue these sensitised forecasts take into account the offsetting benefits in cash flow as a result of management's actions to cease non-essential expenditures which would include rationalisation of its cost base including cuts to variable operating costs such as marketing expenditure, reductions in overheads and cuts to discretionary capital expenditure and cash outflows.

While based in the UK the Company trades and operates using 25 subsidiaries selling into 150 countries around the world, which provides resilience to variations in economic conditions in any one territory and minimises cross border trading. The forecasts, including the stress case, show that the Group will be able to operate within its current committed borrowing facilities and show continued compliance with the Group's financial covenants.

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. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Group and the Company.

3. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). They were authorised for issue by the Company's board of directors on .

Details of the Group's accounting policies, including changes during the year, are included in note 1.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Basis of preparation (continued)

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Income Statement or Statement of Comprehensive Income in these financial statements.

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

3.1 Basis of measurement

Except for the assets and liabilities recognised on 3 April 2018 on the acquisition of the SHL group and 27 November 2019 on the acquisition of Aspiring Minds, which have been recognised at fair value, the Consolidated Financial Statements have been prepared on a historical cost basis.

3.2 New standards

i) New standards, interpretations and amendments effective from 1 January 2019

IFRS 16

IFRS 16 was endorsed by the EU in October 2017 replacing IAS 17 Leases and is effective for accounting periods beginning on or after 1 January 2019. The Group has elected to apply the standard early, using the modified retrospective approach, with an initial application date of 3 April 2018. This is not a change in accounting policies for the Group.

IFRIC Interpretation 23 : Uncertainty over Income Tax Treatments

The interpretation was issued on 7 June 2017 and endorsed by the EU on 23 October 2018. It became effective for accounting periods beginning on or after 1 January 2019 and clarifies the application of the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. The Group is not aware of any uncertain tax treatments in any of its subsidiaries and hence the adoption of IFRIC 23 has not had a material effect on the Group's financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Basis of preparation (continued)**3.2 New standards (continued)****ii) New standards, interpretations and amendments not yet effective**

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Group and Company's future financial statements:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group

Amendments to IFRS 3: Definition of a Business

The amendment is effective for reporting period beginning on or after 1 January 2020. In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. The Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Functional and presentation currency

The Company's functional currency is pounds sterling. The Consolidated Financial Statements are presented in US dollars. All amounts have been rounded to the nearest thousand (000), unless otherwise indicated.

5. Accounting estimates and judgments

5.1 Judgment

The most significant judgements made by management in the process of applying the Group's accounting policies relate to the measurement of the stage of completion of certain professional services project work, where project milestones may be used to recognise revenue. Management believe the resulting revenue recognised is not materially different from the revenue that would be recognised using a percentage completion approach.

5.2 Estimates and assumptions

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.

Impairment of assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 15.

Capitalisation of development expenditure

Development expenditure is capitalised when the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. In determining that future economic benefits are probable, management use DCF models which are sensitive to estimates of the discount rate used as well as the expected future cash-inflows and growth rate assumptions. The Group's capitalised development expenditure is disclosed in Note 16.

Deferred tax assets

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 profitability and the tax rates at which deductible differences may be realised. The Group's deferred tax assets are disclosed in Note 12.2.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Accounting estimates and judgments(continued)

5.2 Estimates and assumptions (continued)

Leases

The Group capitalises its leases based on the present value of the minimum lease payments. The calculation of the present value is particularly sensitive to the value of the discount rate and the duration of the lease term, which involves management's assumptions as to whether or not extension options will be exercised. The Group's right-of-use assets are disclosed in Note 13.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 16.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	Year ended 31 December 2019 \$000	<i>Period ended 31 December 2018 \$000</i>
Non-unit usage product revenue	14,058	10,583
Subscription and licence fees	78,954	49,927
Unit usage product revenue	16,651	11,216
Professional services revenue	82,068	55,919
	<u>191,731</u>	<u>127,645</u>

Timing of revenue recognition:

	2019 \$000	2018 \$000
Goods and services transferred at a point in time	10,081	19,950
Goods and services transferred over time	181,650	107,695
	<u>191,731</u>	<u>127,645</u>

The contract liability balance in the Consolidated Balance Sheet of \$48.4m (2018: \$49.6m) represents deferred revenue from contracts with customers. As described in note 1.4 above, the Group's subscription and licence contracts generally provide access to use of the Group's on-line offering for a period of 12 months and, consistent with this, significantly all of the \$49.6m opening balance was recognised as revenue in the period to 31 December 2019.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Operating loss

Operating loss is stated after charging

	2019 \$000	2018 \$000
Depreciation of property, plant and equipment and loss on disposal	4,285	5,683
Amortisation of intangible assets	18,597	9,871
Total depreciation, loss on disposal and amortisation expense	<u>22,882</u>	<u>15,554</u>
Total employee benefits expenses	103,577	82,151
Total research and development expenditure	2,200	4,413
Fees payable to the Company's auditor for the audit of the Company and Consolidated Financial Statements	427	169
Audit of the Company's subsidiaries	229	422
Other advisory services	-	120
Total auditor's remuneration	<u>656</u>	<u>711</u>

8. Employee benefit expenses

Group

	Year ended 31 December 2019 \$000	Period ended 31 December 2018 \$000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	92,046	73,212
National insurance	7,997	6,080
Defined contribution pension cost	3,534	2,859
	<u>103,577</u>	<u>82,151</u>

Key management personnel compensation

The remuneration of the Group's key management personnel which includes the directors of the Company listed on page 1, and the Group's senior leadership team is set out below.

	Year ended 31 December 2019 \$000	Period ended 31 December 2018 \$000
Short-term employee benefits	3,455	1,961
Social security	363	166
Defined contribution scheme costs	119	61
Compensation for loss of office	249	-
	<u>4,186</u>	<u>2,188</u>

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Employee benefit expenses (continued)

Directors' remuneration

	2019	2018
	\$000	\$000
Aggregate remuneration in respect of qualifying services	1,005	722
Aggregate value of contribution paid to defined contribution pension schemes	51	7
	<u>1,056</u>	<u>729</u>

Two directors had benefits accruing under a defined contribution pension scheme. \$526,000 (2018: \$395,000) was paid to a related party for the provision of Directors' services to the Company see note 25. The highest paid Director was paid \$577,000 (2018: \$503,000).

Average monthly number of employees

	2019	2018
Sales, professional services and operations	573	537
Global customer support	217	239
IT support	157	173
Finance, legal and administration	137	129
Product development	77	65
Marketing	34	25
Total employee numbers by function	<u>1,195</u>	<u>1,168</u>

9. Pensions

The Group operates a number of defined contribution pension schemes, the most significant of which are those in the United States and the United Kingdom. The cost of the schemes for the period ended 31 December 2019 was USD 3,534,000 (2018: USD 2,859,000).

10. Exceptional Items

	2019	2018
	\$000	\$000
Professional fees	4,111	7,914
Redundancy costs	2,834	1,804
Other	1,232	1,503
	<u>8,177</u>	<u>11,221</u>

The exceptional costs shown in the table above were in relation to the acquisition of Aspiring Minds and restructuring. Included in Professional fees \$3M are attributable to the Aspiring Minds acquisition.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Finance income and expense

Recognised in profit or loss

	Year ended 31 December 2019 \$000	As restated Period ended 31 December 2018 \$000
Finance income		
Interest on:		
- Bank deposits	93	381
Total interest income arising from financial assets measured at amortised cost or FVOCI	<u>93</u>	<u>381</u>
Total finance income	<u>93</u>	<u>381</u>
 Finance expense		
	33,852	23,959
Interest payable		
Finance leases (interest portion)	1,121	1,474
Net change in fair value of cash flow hedges	948	1,678
Dividends paid on redeemable preference shares	12,179	8,639
Other interest payable	37	6
Total finance expense	<u>48,137</u>	<u>35,756</u>
 Other finance losses		
Foreign exchange losses	705	61
Net finance expense recognised in profit or loss	<u>(48,749)</u>	<u>(35,436)</u>

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Tax expense

12.1 Income tax recognised in profit or loss

	Year ended 31 December 2019 \$000	Period ended 31 December 2018 \$000
Current tax		
Current tax on profits for the year	2,813	687
Adjustments in respect of prior years	(2,497)	442
Total current tax	<u>316</u>	<u>1,129</u>
Deferred tax expense		
Origination and reversal of timing differences	(6,773)	(4,037)
Total deferred tax	<u>(6,773)</u>	<u>(4,037)</u>
	<u>(6,457)</u>	<u>(2,908)</u>
Total tax expense		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	(6,457)	(2,908)
	<u>(6,457)</u>	<u>(2,908)</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	Year ended 31 December 2019 \$000	Period ended 31 December 2018 \$000
Loss for the year	(39,760)	(50,622)
Income tax credit/expense (including income tax on associate, joint venture and discontinued operation)	(6,457)	(2,908)
Loss before income taxes	<u>(46,217)</u>	<u>(53,530)</u>
Tax using the Company's domestic tax rate of 19% (2018:19%)	(8,781)	(10,171)
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	7,599	1,642
Higher rate taxes on overseas earnings	123	(331)
Adjustments to tax charge in respect of prior periods	(2,497)	431
Recognition of previously unrecognised DTA	(3,189)	-
Other timing differences leading to an increase/(decrease) in taxation	-	5,091
Foreign exchange difference	158	-
Withholding taxes	130	430
Total tax expense	<u>(6,457)</u>	<u>(2,908)</u>

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Tax expense (continued)

12.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	Year ended 31 December 2019 \$000	Period ended 31 December 2018 \$000
Deferred tax assets	8,822	7,759
Deferred tax liabilities	(42,840)	(42,163)
	<u>(34,018)</u>	<u>(34,404)</u>

	Opening balance \$000	Recognised in profit or loss \$000	Acquisitions/ disposals \$000	Closing balance \$000
2019				
Property, plant and equipment	(3,282)	2,320	(1,107)	(2,069)
Intangible assets	44,987	(9,784)	8,356	43,559
Deferred income	(2,466)	2,176	(1,449)	(1,739)
Other items	(4,835)	(1,558)	660	(5,733)
	<u>34,404</u>	<u>(6,846)</u>	<u>6,460</u>	<u>34,018</u>

2018				
Property, plant and equipment	(3,154)	(128)	-	(3,282)
Intangible assets	46,993	(2,006)	-	44,987
Deferred income	(4,307)	1,841	-	(2,466)
Other items	(1,907)	(2,928)	-	(4,835)
	<u>37,625</u>	<u>(3,221)</u>	<u>-</u>	<u>34,404</u>

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Property, plant and equipment

Group	Right of Use of Assets \$000	Leasehold improvement s \$000	Equipmen t & fixtures \$000	Total \$000
Cost or valuation				
At 3 April 2018	32,693	1,322	2,22	36,240
Additions	1,430	349	69	2,469
Disposals	-	(238)	(5)	(297)
Fair value loss recognised in other comprehensive income	(1,572)	(116)	(21)	(1,901)
At 31 December 2018	32,551	1,317	2,64	36,511
Additions	4,691	3,195	2,73	10,625
Disposals	(9,516)	(387)	(97)	(10,000)
Fair value gain recognised in other comprehensive income	99	80	21	398
At 31 December 2019	27,825	4,205	5,50	37,534
Accumulated depreciation and impairment				
Charge owned for the year	3,244	324	1,33	4,898
Disposals	-	(85)	(4)	(134)
Fair value loss recognised in other comprehensive income	(40)	(20)	(77)	(137)
At 31 December 2018	3,204	219	1,20	4,627
Charge owned for the year	3,276	434	1,23	4,947
Disposals	(487)	(8)	(62)	(557)
Fair value gain in other comprehensive income	-	82	21	296
At 31 December 2019	5,993	727	2,59	9,314
Net book value				
At 31 December 2018	29,347	1,098	1,43	31,884
At 31 December 2019	21,832	3,478	2,91	28,220

The right-of-use assets in the table above relate to the Group's leasehold office properties.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. Intangible assets
Group**

	Goodwill \$000	Development expenditure \$000	Acquired technology related \$000	Acquired marketing related \$000	Licences \$000	Acquired Customer related \$000	Total \$000
Cost							
At 3 April 2018	206,487	1,316	157,023	24,173	-	50,000	438,999
Additions	-	4,778	-	-	-	-	4,778
Disposals	-	(161)	-	-	-	-	(161)
Foreign exchange movement	-	(296)	-	-	-	-	(296)
At 31 December 2018	206,487	5,637	157,023	24,173	-	50,000	443,320
Additions	37,782	14,435	27,451	935	3,500	1,620	85,723
Foreign exchange movement	(201)	770	2	-	-	-	571
At 31 December 2019	244,068	20,842	184,476	25,108	3,500	51,620	529,614
Accumulated amortisation and impairment							
Charge for the period	-	693	5,888	1,209	-	2,773	10,563
Disposals	-	(3)	-	-	-	-	(3)
Foreign exchange movement	-	(55)	-	-	-	-	(55)
At 31 December 2018	-	635	5,888	1,209	-	2,773	10,505
Charge for the year	-	5,464	7,851	1,612	-	3,358	18,285
Foreign exchange movement	-	104	-	-	-	-	104
At 31 December 2019	-	6,203	13,739	2,821	-	6,131	28,894
Net book value							
At 3 April 2018	206,487	1,316	157,023	24,173	-	50,000	438,999
At 31 December 2018	206,487	5,002	151,135	22,964	-	47,227	432,815
At 31 December 2019	244,068	14,639	170,737	22,287	3,500	45,489	500,720

SHL GLOBAL MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Intangible assets (continued)

Internally developed software were included within Tangible Fixed Assets. The group has decided it is more appropriate to disclose these under Intangible Fixed Assets. The reclassification between the two classes of assets is \$5m.

Additions to Goodwill, Acquired Technology, Acquired Customer and Acquired Marketing relate to the Acquisition of Aspiring Minds. See Note 24.

The goodwill has been allocated across the Group's three CGUs as shown below.

	2019 \$000	2018 \$000
SHL	197,356	197,356
PDRI	9,131	9,131
Aspiring Minds	37,581	-
	<u>244,068</u>	<u>206,487</u>

15. Tangible and intangible asset impairment testing

15.1. Methodology

The Directors regularly review the performance of the business and the external business environment to determine whether there is any indication that the Group's tangible and intangible assets have suffered an impairment loss. If such indication exists, the recoverable amount (the higher of the value in use and the fair value less costs to sell) of the asset is estimated and compared with the carrying value in order to determine the extent, if any, of the impairment loss. In addition, goodwill is tested for impairment on an annual basis.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) expected to benefit from the combination and the Directors carry out annual impairment testing of the carrying value of each CGU to assess the need for any impairment of the carrying value of the associated goodwill and other intangible and tangible assets.

If the recoverable amount of a CGU is less than its carrying amount, the resulting impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

15.2. Key assumptions

The recoverable amount of each of the CGUs has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The projected cash flows have been updated to reflect the impact of Covid 19. The cashflows beyond the five year period for each CGU are extrapolated using the long term average growth rate for the industry.

The calculation of value in use for both SHL and PDRI CGUs is most sensitive to the following assumptions:

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Tangible and intangible assets impairment testing (continued)

15.2 Key assumptions (continued)

Sales growth

Discount rates

Sales growth – sales growth is based on management's expectations. Over the period of the cash flow projections the SHL CGU is expected to benefit from the significant investment in its product set since the group's acquisition in 2018 and the growth in the human capital market generally. The Aspiring Minds CGU is expected to benefit from the global reach of the SHL sales force and customer base. The PDRI CGU projections are based on historic performance.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rates calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on interest bearing borrowings the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors based on publicly available market data.

**16. Trade and other receivables
Group**

	2019	2018
	\$000	\$000
Trade receivables	46,108	31,856
Less: provision for impairment of trade receivables	(1,579)	(533)
Trade receivables - net	44,529	31,323
Prepayments and accrued income	4,043	3,864
Other receivables	4,484	3,480
Total trade and other receivables	53,056	38,667
Less: current portion - trade receivables	(44,529)	(31,323)
Less: current portion - prepayments and accrued income	(4,043)	(3,864)
Less: current portion - other receivables	(4,484)	(3,480)
Total current portion	(53,056)	(38,667)
Total non-current portion	-	-
Movements on the impairment provision		
	2019	2018
	\$000	\$000
At 1 January	533	854
Movements in the year	1,046	(321)
	1,579	533

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Trade and other receivables (continued)

Analysis of trade receivables

		2019			2018		
		Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Trade Receivables	-current	30,787	(98)	30,689	20,512	(266)	20,246
	-1-30 days past due	6,192	(94)	6,098	6,165	(33)	6,132
	-31-60 days past due	3,961	(77)	3,884	3,490	(44)	3,446
	-61-90 days past due	1,758	(270)	1,488	1,175	(54)	1,121
	-over 90 days past due	3,411	(1,040)	2,371	514	(136)	378
		<u>46,109</u>	<u>(1,579)</u>	<u>44,530</u>	<u>31,856</u>	<u>(533)</u>	<u>31,323</u>

All the Group's operating companies have policies and procedures in place to assess the creditworthiness of the customers with whom they do business. Impairment provisions are based upon a provision matrix using historical default rates adjusted for management's view of future economic conditions. Given the nature of the Group's business model, historical default rates on the Group's trade receivables are low. Due to the large number of customers that the Group transacts its business with, none of which represents a significant proportion of the total outstanding trade receivables balance, the Group is not exposed to any significant concentration of credit risk.

There is no significant difference between the fair value of the Group's trade and other receivable balances and the amount at which they are reported in the Consolidated Balance Sheet.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Trade and other payables

Group

	2019 \$000	2018 \$000
Trade payables	5,652	1,644
Other payables	12,327	13,403
Accruals	21,317	22,356
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	39,296	37,403
Total non-current position	2,296	2,298

Trade and other payables are both non-interest bearing. There is no significant difference between the fair value of the Group's trade and other payables balances and the amount at which they are reported in the Consolidated Balance Sheet.

18. Loans and borrowings

Group

The book value and fair value of loans and borrowings are as follows:

	Book value 2019 \$000	Fair value 2019 \$000	Book value As restated 2018 \$000	Fair value As restated 2018 \$000
Non-current				
Bank loans - secured	254,767	256,513	189,886	193,030
Loan notes - unsecured	170,755	171,792	118,268	118,364
Redeemable preference shares	134,951	118,651	118,528	110,060
Lease liabilities	20,554	20,554	27,501	27,501
	581,027	567,510	454,183	448,955
Current				
Bank loans - secured	6,610	6,610	-	-
Lease liabilities	3,579	3,579	3,136	3,136
	10,189	10,189	3,136	3,136
Total loans and borrowings	591,216	577,699	457,319	452,091

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Loans and borrowings (continued)

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

The currency profile of the Group's loans and borrowings is as follows:

	2019 \$000	<i>As restated</i> 2018 \$000
US Dollars	188,918	115,329
Pounds sterling	303,132	243,910
Euros	59,283	60,188
Australian dollars	36,258	34,876
Other currencies	3,626	3,016
	<u>591,217</u>	<u>457,319</u>

Bank borrowings and liabilities

The Group has undrawn committed borrowing facilities at 31 December, for which all conditions have been met, as follows:

2019	Floating rate \$000	Fixed rate \$000	Total \$000
Loans and borrowings	285,511	305,706	591,217
	<u>285,511</u>	<u>305,706</u>	<u>591,217</u>
2018	Floating rate \$000	Fixed rate \$000	Total \$000
Loans and borrowings	220,526	236,793	457,319
	<u>220,526</u>	<u>236,793</u>	<u>457,319</u>

Bank loans - secured

The senior term loan facilities: interest on the senior term loan facilities is charged at a margin of 7.5% plus in relation to a loan in euro, EURIBOR; a loan in Australian dollars, BBSY; and in relation to a loan not in euro or Australian dollars, LIBOR. Accrued interest is payable quarterly in arrears, with the applicable EURIBOR, BBSY or LIBOR determined at the beginning of the relevant quarter. The maturity date is 3 March 2025

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Loans and borrowings (continued)

Redeemable preference shares

The preference shares carry no voting rights and accrue a fixed cumulative preferential dividend at an annual rate of 10% on a sum equal to the entire nominal and premium amounts paid up on such preference shares. On a return of capital or a winding up, in priority to any payment to the holders of the ordinary shares, entitled to a sum equal to the entire nominal and premium amounts paid up on such preference shares together with the aggregate amount of all arrears and accruals (if any) of the preference dividend and are redeemable on or before 31 December 2028. In 2018, these were treated as share capital see Prior year adjustment Note 29 for details.

Loans maturity analyses

	Interest rate %	Maturity	At 31 December 2019 \$000	At 31 December 2018 \$000
Fixed rate unsecured loan notes				
Pounds sterling	10	31 December 2028	134,959	118,265
Pounds sterling	10	31 December 2029	25,739	-
US Dollars	10	27 November 2029	10,057	-
Senior term loan facilities:				
US Dollars	LIBOR+7.5	03 March 2025	163,990	100,099
Euros	EURIBOR+7.5	03 March 2025	55,069	54,914
Australian Dollars	BBSY+ 7.5	03 March 2025	35,709	34,876
Preference shares	10	31 December 2028	<u>134,951</u>	<u>118,528</u>
			<u>560,474</u>	<u>426,682</u>

Fixed rate unsecured loan notes

Interest on the fixed rate unsecured Pounds Sterling loan notes is compounded annually and is payable when the notes are repaid. The maturity dates vary from 31/12/2028 to 31/12/2029. The US dollars loan notes will be redeemed in shares on the 27 November 2029.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Provisions

Group

	Dilapidation \$000
At 1 January 2019	2,469
Utilised during the year	(1,217)
At 31 December 2019	<u>1,252</u>
Due after more than one year	1,252
	<u>1,252</u>

Provisions for dilapidations are recognised on a lease basis and are based on the Group's best estimate of the likely committed future cash outflow.

20. Issued share capital and share premium

Full details relating to the Company's share capital and share premium is given in note 8 of the Company's financial statements.

21. Reserves

Retained earnings

	Reserve for own shares \$000	Other retained earnings \$000	Total retained earnings \$000
As at 3 April 2018	-	(19,095)	(19,095)
Loss for the 2018 period	-	(42,008)	(42,008)
Purchase of own shares	(2)	-	(2)
As at 31 December 2018	<u>(2)</u>	<u>(61,103)</u>	<u>(61,105)</u>
Prior year adjustment - Note 29	-	(8,639)	(8,639)
As at 31 December 2018 restated	<u>(2)</u>	<u>(69,742)</u>	<u>(69,744)</u>
Loss for the year 2019	-	(39,782)	(39,782)
As at 31 December 2019	<u>(2)</u>	<u>(109,524)</u>	<u>(109,526)</u>

SHL GLOBAL MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. Reserves (continued)

Foreign exchange reserve

	Translation reserve \$000
As at 3 April 2018	-
Foreign exchange difference on translation of foreign operations for 2018 period	<u>17,620</u>
As at 31 December 2018	<u>17,620</u>
Prior Year adjustments - Note 29	<u>11,428</u>
As at 31 December 2018 revised	<u>29,048</u>
Foreign exchange difference on translation of foreign operations for 2019	<u>(6,303)</u>
As at 31 December 2019	<u>22,745</u>

The translation reserve in the table above comprises all foreign exchange differences attributable to the equity owners of the parent. These exchange differences principally arise from the translation of the income statements of foreign operations from the average exchange rates for the period to closing rates and from the retranslation of the opening net assets of foreign operations from opening exchange rates to closing rates.

22. Leases

Leases as a lessee

The Group operates around the world from leasehold offices. The net book values and depreciation charges in respect of these leased assets are disclosed in Note 13 under Right of Use of Assets.

The total cash outflow in the period in respect of leases was \$4,068,000 (2018: \$3,824,000), disclosed within the following lines in the Consolidated Statement of Cash Flows:

	2019 \$000
Interest expense on lease liabilities	1,121
Depreciation expenses on lease liabilities	<u>2,789</u>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2019 \$000	2018 \$000
As at 1 January	30,637	32,730
Accretion of interest	1,121	1,474
Payments	(4,068)	(3,451)
Additions	4,237	1,430
Disposals	(8,676)	-
Other adjustments and foreign exchange differences	882	(1,546)
As at 31 December	<u>24,133</u>	<u>30,637</u>
Current (Note 18)	3,579	3,136
Non-current (Note 18)	20,554	27,501

The maturity analysis of lease liabilities are disclosed in Note 23

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Financial instruments - fair values and risk management

Financial assets

	2019	2018
	\$000	\$000
Trade and other receivables	53,057	38,667
Cash and short-term deposits	35,971	28,992
	<u>89,028</u>	<u>67,659</u>

Financial liabilities

	2019	2019	2018	2018
	\$000	\$000	Restated	Restated
	Carrying	Fair value	Carrying	Fair value
	value		value	
Current:				
Lease liabilities	3,579	3,579	3,136	3,136
Derivative financial liabilities	2,658	2,658	1,625	1,625
Trade and other payables	37,000	37,000	35,105	35,105
Loan facilities	<u>6,610</u>	<u>6,610</u>	-	-
Total current financial liabilities	<u>49,847</u>	<u>49,847</u>	<u>39,866</u>	<u>39,866</u>
Non-current:				
Lease liabilities	20,554	20,554	27,501	27,501
Senior term loan facility - US dollars	163,990	166,409	100,099	101,766
Senior term loan facility - Euros	55,069	55,619	54,914	55,849
Senior term loan facility -Australian dollars	35,709	34,485	34,876	35,415
Pounds sterling fixed rate unsecured loan notes	160,698	161,664	118,265	118,364
US dollars fixed rate unsecured loan notes	10,057	10,128	-	-
Preference shares	<u>134,951</u>	<u>118,651</u>	<u>118,528</u>	<u>110,060</u>
	581,028	567,510	454,183	448,955
Trade and other payables	<u>2,296</u>	<u>2,296</u>	<u>2,298</u>	<u>2,298</u>
Total non-current financial liabilities	<u>583,324</u>	<u>569,806</u>	<u>456,481</u>	<u>451,253</u>
Total financial liabilities	<u>633,171</u>	<u>619,653</u>	<u>496,347</u>	<u>451,253</u>

Derivative financial liabilities in the table above are interest rate swaps with contractual maturities within one year of the balance sheet date.

SHL GLOBAL MANAGEMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

23. Financial instruments - fair values and risk management (continued)

Senior term loan facility

Interest on the senior term loan facilities is charged at a margin of 7.5% plus in relation to a loan in euro, EURIBOR; a loan in Australian dollars, BBSY; and in relation to a loan not in euro or Australian dollars, LIBOR. Accrued interest is payable quarterly in arrears, with the applicable EURIBOR, BBSY or LIBOR determined at the beginning of the relevant quarter.

Fixed rate unsecured loan notes

Interest on the fixed rate unsecured loan notes is compounded annually and is payable when the notes are repaid.

Fair values

The carrying values of the Group's financial assets and financial liabilities are disclosed in the table above. For those financial assets and liabilities that are classified in the Consolidated Balance Sheet as current, there is no significant difference between their fair value and the amount at which they are reported in the Consolidated Balance Sheet.

Non-current lease liabilities:

The Group's lease liabilities are recognised in accordance with IFRS 16 and management believe there is no significant difference between their fair value and the amount at which they are reported in the Consolidated Balance Sheet.

Senior term loan and unsecured loan notes:

There are no quoted prices or other observable inputs from which the fair value of the Group's borrowings under its senior term loans, preference shares and fixed rate unsecured loan notes can be derived. The fair value of these instruments is calculated based upon the discounted cash flows over the remaining term of the loans and redeemable date and is dependent upon the discount rate used. The table below shows the change in fair value resulting from a 1% increase or 1% decrease in the discount rate.

	Change in fair value arising from 1% decrease in rate	Change in fair value arising from 1% increase in rate
Senior term loans	+2.8% to 3.8%	-2.6% to 4.3%
Unsecured loan notes	+12.6% to +20%	-11.4% to -16.6%
Preferences shares	+12.3%	-11.2%

Hedging activities

The Group is exposed to cash flow interest rate risk on the floating rate component of its borrowings under its senior term loan facility. This risk is managed by floating to fixed rate interest rate swaps denominated in US dollars, Euro and Australian dollars each of which have notional amounts equal to 80% of the corresponding borrowing. The Group pays a fixed rate on these swaps and receives a floating rate equal to the applicable EURIBOR, BBSY or LIBOR determined at the beginning of each payment quarter. There is an economic relationship between the hedged item (the senior term loans) and the hedging instrument (the interest rate swaps) as the terms of the interest rate swap match the terms of the floating rate component of the senior term loans.

Although providing an economic hedge, the Group has not designated these interest rate swaps as hedging instruments and the change in their fair value is recognised in the Consolidated Income Statement within finance costs or finance income as appropriate. The fair value of the swaps was calculated using level 2 inputs under IFRS 13, Fair value measurement.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Financial instruments - fair values and risk management (continued)

23.1 Financial risk management objectives

The Group's principal financial liabilities comprise interest-bearing loans and borrowings, and trade and other payables, which are used to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that are generated by its operations. The principal risks to which the Group is exposed are market risk and liquidity risk.

23.2 Market risk

Market risk is the risk that either the fair values or the cash flows of the Group's financial instruments may fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and cash and short-term deposits. The Group is principally exposed to market risk through fluctuations in exchange rates (foreign currency risk) and interest rates (interest rate risk).

23.3 Foreign currency risk management

The Group is exposed to currency risk on its loans and borrowings and cash and short-term deposits, together referred to as "net debt", that are denominated in currencies other than US dollars. The currency profile of the Group's net debt is as follows:

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	<i>As restated</i>		<i>As restated</i>	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
US dollars	(188,918)	(115,329)	5,579	9,848
Pounds sterling	(303,132)	(243,910)	19,221	2,191
Euros	(59,283)	(60,188)	1,512	6,515
Australian dollars	(36,258)	(34,876)	1,716	3,622
Other currencies	(3,626)	(3,016)	7,943	6,816
	(591,217)	(457,319)	35,971	28,992

Based upon the currency profile shown in the table above, the change in net debt arising from a 10% strengthening of the US dollar would reduce reported profit before tax by \$25.1m (2018: \$10.6m) and increase equity by \$37.7m (2018: \$19.1m) and a corresponding 10% weakening of the US dollar would increase reported profit before tax by \$25.1m (2018: \$10.6m) and reduce equity by \$20.8m (2018: \$23.4m).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Financial instruments - fair values and risk management (continued)**23.4 Interest rate risk management**

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied as described in note 16.

The interest rate on borrowings under the Group's senior term loan facility comprises a fixed margin plus a floating rate that varies depending upon the currency of the borrowing. The Group is exposed to cash flow interest rate risk on the floating rate component of its borrowings and it hedges 80% of this risk through floating to fixed interest rate swaps.

Interest rate sensitivity analysis

The fixed rate liabilities shown in note 16 bear interest at 10%. The floating rate financial liabilities bear interest at the inter-bank offered rate of the appropriate currency, plus a margin. The financial assets attract interest at the notional rate of the appropriate currency, as determined by the financial institution.

Based upon the interest rate profile of the Group's net debt, and before the hedging impact from its interest rate swaps, a 1% increase in market interest rates would increase both the Group's net finance costs charged in the Consolidated Income Statement and the net interest paid in the Consolidated Statement of Cash Flows by \$1.6m (2018: \$1.3m) and a 1% reduction in market interest rates would decrease both the net finance costs charged in the Consolidated Income Statement and the net interest paid in the Consolidated Statement of Cash Flows by \$1.6m (2018: \$1.3m).

23.5 Capital management

The Company considers its capital to be equal to the sum of its total equity and net debt. It monitors its capital using a number of KPIs, including operating cash flow and net debt to EBITDA ratios. The Group's objectives when managing its capital are:

- To ensure that the Group and all of its businesses are able to operate as going concerns and ensure that the Group operates within the financial covenants contained within its borrowing facilities;
- To have available the necessary financial resources to allow the Group to invest in areas that may deliver acceptable future returns; and
- To maintain sufficient financial resources to mitigate against risks and unforeseen events.

The Group operated within the requirements of its borrowing covenants throughout the year and has sufficient liquidity headroom within its committed borrowing facilities.

23.6 Liquidity risk management

Liquidity risk is the risk that the Group might have difficulties in meeting its financial obligations. The Group manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents to ensure that it can meet its operational cash flow requirements and any maturing financial liabilities, whilst at all times operating within its financial covenants. The level of operational headroom provided by the Group's committed borrowing facilities and cash and cash equivalents is reviewed monthly as part of Group's regular management reporting process.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Financial instruments - fair values and risk management (continued)

23.6 Liquidity risk management (continued)

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Within 1 year	in 1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000
2019				
Interest-bearing loans and borrowings (principal and interest)	20,174	80,695	717,909	818,778
Lease liabilities (principal and interest)	4,909	18,185	7,458	30,552
Derivative financial liabilities	2,658	-	-	2,658
Preference shares	-	-	321,175	321,175
Trade and other payables	37,000	2,296	-	39,296
As at 31 December 2019	64,741	101,176	1,046,542	1,212,459

	Within 1 year	in 1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000
2018				
Interest-bearing loans and borrowings (principal and interest)	17,777	71,107	531,872	620,756
Lease liabilities (principal and interest)	4,634	18,314	16,864	39,812
Derivative financial liabilities	1,625	-	-	1,625
Preference shares	-	-	327,140	327,140
Trade and other payables	37,403	-	-	37,403
As at 31 December 2018	61,439	89,421	875,876	1,026,736

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

24. Business combinations during the year

24.1 Subsidiaries acquired

On 27 November 2019, the Group acquired 100% of the voting shares of Aspiring Minds Assessment Private Limited, a non listed company based in India and specialising in on line skills assessments and job credentialing, in exchange for cash. The Group acquired Aspiring Minds Assessment Private Limited because it significantly enhances the Group's workplace skills portfolio and Artificial Intelligence capabilities.

The goodwill of \$37.6 million comprises the value of expected synergies arising from the cross selling of Aspiring Minds Private Limited's products within the Group's global footprint and customer base.

Name	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration transferred \$000
Aspiring Minds Assessment Private Limited	Technology services	27/11/19	100	68,610
				<u>68,610</u>

24.2 Consideration transferred

	Aspiring Minds Assessment Private Limited \$000
Cash	57,007
Non-cash consideration	9,951
Contingent cash consideration	1,652
	<u>68,610</u>

The Non cash consideration is the fair value of the conversion of non voting preferred shares still held by the founders. These convert, at a future date, to a fixed interest unsecured loan.

The Contingent cash consideration is the fair value of post completion adjustments in relation to the final Net Debt and Net Working Capital positions as set out in the purchase agreement.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

24. Business combinations during the year (continued)

24.3 Assets acquired and liabilities recognised at the date of acquisition

	Aspiring Minds Assessment Private Limited	Total
	\$000	\$000
Non-current assets		
Property, plant and equipment	98	98
Intangible assets	29,830	29,830
Current assets		
Cash and cash equivalents	3,947,	3,947
Trade and other receivables	7,331	7,331
Non-current liabilities		
Deferred tax liabilities	(6,701)	(6,701)
Other liabilities	(308)	(308)
Current Liabilities		
Trade and other liabilities	(3,148)	(3,148)
	<u>31,049</u>	<u>31,049</u>

24.4 Goodwill arising on acquisition

	Aspiring Minds Assessment Private Limited	Total
	\$000	\$000
Consideration transferred	68,610	68,610
Fair value of identifiable net assets acquired	(31,049)	(31,049)
Goodwill arising on acquisition	<u>37,561</u>	<u>37,561</u>

24.5 Net cash outflow on acquisition

	2019 \$000
Consideration paid in cash	57,007
Less: cash and cash equivalent balances acquired	(3,947)
	<u>53,060</u>

24.6 Impact of acquisition on the results of the Group

From the date of acquisition, Aspiring Minds Limited contributed to \$1,139k of revenue and \$129k to profit before tax.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

25. Related parties

All transactions with related parties are conducted on an arm's-length basis and in accordance with normal business terms. Transactions between related parties that are Group subsidiaries are eliminated on consolidation.

The related parties identified by the Directors are the key management personnel of the Group and Exponent Private Equity LLP, the ultimate controlling party of the Company. The related party transactions were remuneration of the key management personnel, which is disclosed in note 8 above and Exponent Board expenses which were \$526k in 2019 (\$468k in 2018).

26. Changes in liabilities arising from financial activities

	At 1 January 2019 restated \$000	Foreign exchange movement \$000	Non-cash movement \$000	Cash flow \$000	At 31 December 2019 \$000
Cash and cash equivalents	28,992	(512)	-	7,491	35,971
Borrowing, excluding bank overdrafts					
Current - leases	(3,136)	(43)	(4,468)	4,068	(3,579)
Current - borrowings	-	-	-	(6,610)	(6,610)
Non current - borrowings	(426,683)	(5,200)	(56,724)	(71,867)	(560,474)
Non-current - leases	(27,501)	(364)	7,311	-	(20,554)
	<u>(457,320)</u>	<u>(5,607)</u>	<u>(53,881)</u>	<u>(74,409)</u>	<u>(591,217)</u>
Net liabilities from financing activities	<u>(428,328)</u>	<u>(6,119)</u>	<u>(53,881)</u>	<u>(66,918)</u>	<u>(555,246)</u>

27. Contingent liabilities

As at 31 December 2019 the Group had provided guarantees on behalf of its subsidiaries totalling \$1,903,922 (2018:\$1,517,000) of which \$1,148,352 (2018:\$1,118,000) related to leasehold rental agreements and \$755,570 (2018:\$399,000) related to performance bonds.

The Group has international operations and is subject to various legal and regulatory regimes. Certain of the Group's subsidiaries are parties to legal proceedings, some of which are insured claims arising in the ordinary course of the operations of the company involved. Whilst the outcome of litigation and other disputes can never be predicted with certainty, having regard to legal advice received and the Group's insurance arrangements, the Directors believe that none of these matters will, either individually or in the aggregate, have a materially adverse effect on the Group's financial condition or results of operations.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

28. Post Balance Sheet Events

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. This has the potential to impact our business as described in the Going Concern note (Note 2).

The Company closely monitors and carefully manages its liquidity risk, including regularly producing cash flow forecasts. Such forecasts have been updated in light of the COVID-19 outbreak, including running sensitivities regarding minimum liquidity levels necessary to maintain compliance with covenants governing debt arrangements for at least 12 months from the date of approving these financial statements.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19. There were no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

29. Prior year adjustment

The group identified a number of errors in relation to the classification of its assets and in relation to the treatment of its preference shares which date back prior to the earliest period presented within those financial statements. The group has restated its balances as at 3rd April 2018 and restated its results for the period ending 31 December 2018 in line with IFRS9 and IAS38.

The issues identified as at 31 December 2018 were as follows:

Preference shares including share premium of \$121.3m were classified under Issued Capital and Reserves attributable to owners of the parent, they are now disclosed under Long Term Loans and Borrowings in line with IAS 32.18(a). The amount has been revalued at 31 December 2018.

The fixed cumulative preferential dividend on preference shares was not accrued in 2018. An adjustment of \$8.6m has been made to increase Long Term Loans and Borrowings and 2018 profit and loss.

Internally developed software were included within Tangible Fixed Assets. The group has decided it is more appropriate to disclose these under Intangible Fixed Assets. The reclassification between the two classes of assets is \$5m.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

See below the tables for details:

Consolidated Statement of Financial Position

	<i>Reported</i>	<i>Adjustment</i>	<i>Restated</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
As at 31 December 2018			
Loans and borrowings	335,655	118,528	454,183
Total Liabilities	474,342	118,528	592,870
Net Liabilities	79,243	(118,528)	(39,285)
Share capital	75	(12)	63
Share premium	122,556	(121,305)	1,251
Retained earnings	(61,105)	(8,639)	(69,744)
Foreign exchange reserve	17,620	11,428	29,048
Total equity	79,243	(118,528)	(39,285)

Consolidated Statement of other comprehensive income

	<i>Reported</i>	<i>Adjustment</i>	<i>Restated</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
As at 31 December 2018			
Finance expenses	(27,118)	(8,639)	(35,757)
Loss before tax	(44,891)	(8,639)	(53,530)
Loss for the period	(41,983)	(8,639)	(50,622)
Loss attributable to Owners of the parent	(42,008)	(8,639)	(50,647)
Exchange gains arising on translation on foreign operations	17,603	11,428	29,031
Total Comprehensive income	(24,380)	2,789	(21,591)
Total Comprehensive income attributable to Owners of the parent	(24,388)	2,789	(21,599)

Cashflow from operating activities

	<i>Reported</i>	<i>Adjustment</i>	<i>Restated</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
As at 31 December 2018			
Loss for the year	(41,983)	(8,639)	(50,622)
Finance expenses	27,178	8,639	35,817

SHL GLOBAL MANAGEMENT LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Note	2019 \$000	As restated 2018 \$000
Fixed assets			
Investments	4	115,171	111,020
		<u>115,171</u>	<u>111,020</u>
Current assets			
Debtors: amounts falling due after more than one year	5	208	72
Debtors: amounts falling due within one year	5	183	58
		<u>391</u>	<u>130</u>
Creditors: amounts falling due within one year	6	(1,272)	(461)
Net current liabilities		<u>(881)</u>	<u>(331)</u>
Total assets less current liabilities		<u>114,290</u>	<u>110,689</u>
Creditors: amounts falling due after more than one year	6	(134,951)	(118,528)
		<u>(20,661)</u>	<u>(7,839)</u>
		<u>(20,661)</u>	<u>(7,839)</u>
Net liabilities		<u><u>(20,661)</u></u>	<u><u>(7,839)</u></u>
Capital and reserves			
Called up share capital	8	64	63
Share premium account	8	1,335	1,251
Foreign exchange reserve		(834)	(113)
Profit and loss account		(21,226)	(9,040)
Total equity		<u><u>(20,661)</u></u>	<u><u>(7,839)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16th July 2020.



Andrew William Myers
Director

SHL GLOBAL MANAGEMENT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital \$000	Share premium account \$000	Foreign exchange reserve \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2019 (as restated)	63	1,251	(113)	(9,040)	(7,839)
Comprehensive income for the year					
Loss for the year	-	-	-	(12,186)	(12,186)
Other comprehensive income for the year	-	-	(721)	-	(721)
Total comprehensive income for the year	-	-	(721)	(12,186)	(12,907)
Shares issued during the year	1	84	-	-	85
Total transactions with owners	1	84	-	-	85
At 31 December 2019	64	1,335	(834)	(21,226)	(20,661)

SHL GLOBAL MANAGEMENT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital \$000	Share premium account \$000	Foreign exchange reserve \$000	Profit and loss account \$000	Total equity \$000
At 26 January 2018	-	-	-	-	-
Comprehensive income for the period					
Loss for the period (as previously stated)	-	-	-	(401)	(401)
Other comprehensive loss for the period (as previously stated)			(11,541)	-	(11,541)
Prior Year Adjustment -Note 9	-	-	-	(8,639)	(2,789)
Total for the period (as restated)			(11,541)	(9,040)	(20,581)
Shares issued during the period (as previously stated)	75	122,556	-	-	122,631
Prior year adjustment- Note 9	(12)	(121,305)	11,428	-	(109,889)
Total transactions with owners	63	1,251	(113)	-	12,742
At 31 December 2018 (as restated)	63	1,251	(113)	(9,040)	(7,839)

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

SHL Global Management Limited ("the Company") is a private limited company registered in England and Wales that was incorporated on 26 January 2018.

The Company is the ultimate parent undertaking of an international group trading under the name of SHL and providing psychometric and cognitive talent assessment solutions for global businesses.

2. Summary of significant 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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from publishing its own profit and loss account. The loss generated in the period and included in the financial statements of the Company, amounted to \$12,186,000 (2018:\$401,000 as previously stated, \$9,040,000 as restated- see Note 9).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Summary of significant accounting policies (continued)

2.2 Financial reporting standard 101- reduced disclosure exemptions (continued)

- payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these accounts. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Company. Full details regarding going concern are disclosed in Note 2 of the Consolidated Financial Statements.

2.4 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 balance sheet date in the countries where the Company operates and generates income.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Summary of significant accounting policies (continued)**2.4 Taxation (continued)**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 balance sheet date.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment

2.6 Financial Instruments***Financial assets***

At initial recognition, financial assets are measured at their fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Other receivables: other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less impairment losses. The Group applies the simplified approach to recognising expected credit losses on its receivables, as per the scope exception in IFRS 9 in which all loss allowances for receivables are measured at initial recognition and throughout its life at an amount equal to lifetime expected credit losses. This is consistent with the nature of the Group's receivables, which do not include a significant financing component.

Financial Liabilities

At initial recognition, financial liabilities are measured at their fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Summary of significant accounting policies (continued)

2.6 Financial Instruments (continued)

Interest bearing loans and borrowings: Interest bearing loans and borrowings are initially recognised at fair value plus directly attributable transaction costs. After initial recognition they are measured at amortised cost, using the effective interest method.

2.7 Issue share capital

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.8 Dividends

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3. Auditors' remuneration

Fees payable to the auditor are disclosed in note 7 to the Consolidated Financial Statements, which comply with regulation 5(1)(b) of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

4. Fixed asset investments

	Investments in subsidiary companies \$000
Cost or valuation	
At 1 January 2019	111,020
Foreign exchange movement	4,151
At 31 December 2019	<u>115,171</u>

The subsidiaries of the Company are set out below in Note 11. With the exception of SHL Global Holdings 1 Limited, which is directly owned by the Company, all the companies listed below are owned by a subsidiary of the Company and all are 100% owned by the Group unless indicated otherwise.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Debtors

	2019	2018
	\$000	\$000
Due after more than one year		
Deferred tax asset	208	72
	<u>208</u>	<u>72</u>
Due within one year		
Amounts owed by group undertakings	153	58
Other debtors	30	-
	<u>183</u>	<u>58</u>

Amounts due from subsidiary undertakings are repayable on demand and interest is charged between 0% and 10%.

6. Creditors: Amounts falling due within one year

	2019	2018
	\$000	\$000
Amounts owed to group undertakings	954	307
Accruals and deferred income	318	154
	<u>1,272</u>	<u>461</u>

Amounts owed to subsidiary undertakings are repayable on demand and interest is charged at 10%.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Creditors: Amounts falling due after more than one year

	2019	<i>As restated</i> 2018
	\$000	\$000
Share capital treated as debt	134,951	118,528
	<u>134,951</u>	<u>118,528</u>

Preference shares – the preference shares carry no voting rights and accrue a fixed cumulative preferential dividend at an annual rate of 10% on a sum equal to the entire nominal and premium amounts paid up on such preference shares. On a return of capital or a winding up, in priority to any payment to the holders of the ordinary shares, entitled to a sum equal to the entire nominal and premium amounts paid up on such preference shares together with the aggregate amount of all arrears and accruals (if any) of the preference dividend and are redeemable on or before 31 December 2028. In 2018 these were treated as share capital, see Note 9 prior year adjustment.

8. Share capital

	2019	2018
	\$000	\$000
Shares classified as equity		
Allotted, called up and fully paid		
383,553 (2018 - 383,619) Ordinary shares A1 shares of £0.0100 each	5	5
415,434 (2018 - 415,434) Ordinary shares A2 shares of £0.0100 each	6	6
40,475 (2018 - 947) Ordinary shares B shares of £0.0100 each	1	-
72,500 (2018 - 72,500) Ordinary shares C1 shares of £0.5000 each	51	51
83,590 (2018 - 58,637) Ordinary shares C2 shares of £0.0100 each	1	1
995,552 (2018 - 931,137) Share premium on shares of £0.9900 each	1,335	1,251
	<u>1,399</u>	<u>1,314</u>

Shares classified as debt

	2019	2018
	\$000	\$000
Allotted, called up and fully paid		
86,229,724 (2018 - 86,229,724) Preferences shares of £0.0001 each	11	11
86,229,724 (2018 - 86,229,724) Share premium on preference shares of £0.9999 each	113,989	109,878
	<u>114,000</u>	<u>109,889</u>

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Share capital (continued)

Rights attaching to each class of share

A1 ordinary shares ("A1 shares") – subject to the rights of C1 shares (see below), the A1 shares: carry all the voting rights exercisable at a general meeting of the Company; are entitled to payment of dividends ranking equally with the A2 shares, the B shares, the C1 shares and the C2 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A2 shares, the B shares, the C1 shares and the C2 shares on a return of capital or winding up; are not redeemable.

A2 ordinary shares ("A2 shares") – the A2 shares: carry no voting rights; are entitled to payment of dividends ranking equally with the A1 shares, the B shares, the C1 shares and the C2 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A1 shares, the B shares, the C1 shares and the C2 shares on a return of capital or winding up; are not redeemable.

B ordinary shares ("B shares") – the B shares: carry no voting rights; are entitled to payment of dividends ranking equally with the A1 shares, the A2 shares, the C1 shares and the C2 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A1 shares, the A2 shares, the C1 shares and the C2 shares on a return of capital or winding up; are not redeemable.

C1 ordinary shares ("C1 shares") – each holder of C1 shares is: entitled to exercise 5% of the total votes at a general meeting of the Company, provided that the total voting rights held by C1 shares shall never exceed 25%; entitled to payment of dividends ranking equally with the A1 shares, the A2 shares, the B shares and the C2 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A1 shares, the A2 shares, the B shares and the C2 shares on a return of capital or winding up. The shares are not redeemable.

C2 ordinary shares ("C2 shares") – the C2 shares: carry no voting rights; are entitled to payment of dividends ranking equally with the A1 shares, the A2 shares, the B shares and the C1 shares; after satisfying any amounts due to the preference shares (see below), rank equally with the A1 shares, the A2 shares, the B shares and the C1 shares on a return of capital or winding up; are not redeemable.

9. Prior year adjustment

The group identified a number of errors in relation to the classification of its assets and in relation to the treatment of its preference shares which date back prior to the earliest period presented within those financial statements. The group has restated its balances as at 3rd April 2018 and restated its results for the period ending 31 December 2018 in line with IFRS9 and IAS38.

The issues identified as at 31 December 2018 were as follows:

Preference shares including share premium of \$121.3m were classified under Issued Capital and Reserves attributable to owners of the parent, they are now disclosed under Long Term Loans and Borrowings in line with IAS 32.18(a). The amount have been revalued at 31 December 2018 closing rate.

The fixed cumulative preferential dividend on preference shares was not accrued in 2018. An adjustment of \$8.6m has been made to increase Long Term Loans and Borrowings and 2018 profit and loss.

See below for details.

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Prior year adjustment (continued)

Balance sheet

	<i>Reported</i>	<i>Adjustment</i>	Restated
	<i>\$'000</i>	<i>\$'000</i>	\$'000
As at 31 December 2018			
Creditors :amount falling due in more than one year	-	118,528	118,528
Net assets / (liabilities)	110,689	(118,528)	(7,839)
Called up share capital	75	(12)	63
Share premium account	122,556	(121,305)	1,251
Foreign exchange reserve	(11,541)	11,428	(113)
Profit and loss account	(401)	(8,639)	(9,040)
Total equity	110,689	(118,528)	(7,839)

10. Ultimate controlling party

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

SHL GLOBAL MANAGEMENT LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Holding
Aspiring Minds Assessment Private Limited	24 Pusa Road, 1st Floor, New Delhi, 110005	100 %
Aspiring Minds FZ LLC	Exclusive Desk No.32, Ground Floor, Building:16 Dubai, UAE	100 %
Aspiring Minds Inc.	1811, Sliverside Road, Wilmington City, New Castle County, 19810-4345	100 %
Beijing Aspiring Minds Information Consulting Co Ltd	Suite D 546, 5th Floo, No.16 Yongandongli, Chaoyang District, Beijing, China	100 %
Personal Decisions Research Institutes LLC	111 Washington Ave. S, Minneapolis MN 55401 USA.	100 %
Savhold BV	Secoya Building 5th Floor, Papendorpseweg 99 3528 BJ Utrecht, Netherlands.	100 %
Saville & Holdsworth International B.V.	Secoya Building 5th Floor, Papendorpseweg 99 3528 BJ Utrecht, Netherlands.	100 %
Saville & Holdsworth Limited	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100 %
SHL (India) Private Limited	#902, 9th Fl., Peninsula Towers, Peninsula Corporate Park, Ganpat Rao Kadam Marg, Lower Parel (W), Mumbai, 4000 013 India.	100 %
SHL AG	Schulhausstrasse 41, 8002 Zurich, Switzerland.	100 %
SHL Australia Pty Limited	Level 2, 99 Elizabeth Street, Sydney, NSW 2000, Australia	100 %
SHL Belgium SA	Airport Plaza Building C, Kyoto Leonardo da Vincilaan 19, 1831 Diegem (Machelen) Belgium.	100 %
SHL Canada Inc.	c/o DLA Piper, 100 King Street West, Suite 6000, 1 First Canadian Place, Toronto, Ontario M5X1E9.	100 %
SHL China Ltd.	Unit 307-308, 3/F, 233 Taicang Rd., Huangpu District, Shanghai, Postal Code 200020, China.	100 %
SHL DebtCo Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100 %
SHL France SAS	3rd Floor, 124-126 rue de Provence, Paris 75008, France.	100 %
SHL Global Holdings 1 Limited	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100 %
SHL Global Holdings 2 Limited	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100 %
SHL Global Holdings Midco Limited	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100 %
SHL Global Holdings Proprietary Limited	Block D Southdowns Office Park, Cnr of John Vorster, Irene Ext 54, Centurion, Gauteng, 0157 South Africa. Ext 54, Centurion, Gauteng, 0157 South Africa.	49 %
SHL Group Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100 %

SHL GLOBAL MANAGEMENT LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Subsidiary undertakings (continued)

Name	Registered office.	Holding
SHL Hong Kong Limited	16th Floor, 111 Leighton Road, Causeway Bay, Hong Kong.	100 %
SHL India Finance Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100 %
SHL International Finance 1 Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100 %
SHL International Finance 2 Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100 %
SHL International Management Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE.	100 %
SHL Italy Srl Unipersonale	Via Toscana, 1 00187 Rome, Italy.	100 %
SHL Middle East and Africa FZ-LLC	Dubai Knowledge Village, Block 2A Suite G46, P.O. Box "500715, Dubai, UAE.	100 %
SHL Nederland BV	Secoya Building 5th Floor, Papendorpseweg 99 3528 BJ Utrecht, Netherlands.	100 %
SHL New Zealand Limited	Level 10, The Auckland Club Tower, 34 Shortland Street, Auckland New Zealand.	100 %
SHL Norge A/S	Dronning Eufemias gate 16, 0191 Oslo, Norway.	100 %
SHL People Solutions Group Holdings Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100 %
SHL Product Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100 %
SHL Saudi Arabia Limited	Suite 1405, 28th Floor, Kingdom Center, PO Box 230888, Riyadh 11321, Saudi Arabia.	100 %
SHL Saville and Holdsworth (Deutschland) Limited	Speicherstraße 59, 60327 Frankfurt am Main, Germany.	100 %
SHL Saville and Holdsworth (Proprietary) Limited	Block D Southdowns Office Park, Cnr of John Vorster, Irene Ext 54, Centurion, Gauteng, 0157 South Africa.	87.2 %
SHL Singapore Pte Limited	Level 5, Marina One East Tower, 7 Straits View, Singapore 018936	100 %
SHL Sverige AB	Regeringsgatan 59, 111 56 Stockholm, Sweden.	100 %
SHL US Finance Limited *	The Pavilion, 1 Atwell Place, Thames Ditton, Surrey KT7 0NE.	100 %
SHL US LLC	111 Washington Avenue S, Suite 500, Minneapolis MN 55401, USA.	100 %
SHL US Management LLC	1209 Orange Street, Wilmington, New Castle, Delaware 19801, USA.	100 %
SunStone Analytics	1849 Street, Basement level, San Francisco, CA 94117, USA	100 %

* These companies are exempt from the requirements of the Companies Act 2006 ("the Act") relating to the audit of the individual accounts by virtue of s479A of the Act.