

**SHL GROUP HOLDINGS 3 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Registered Number: 5919149



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**SHL GROUP HOLDINGS 3 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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REGISTERED OFFICE: The Pavilion, 1 Atwell Place, Thames Ditton, Surrey, KT7 0NE

DIRECTORS' REPORT

The directors present their directors' report and the audited financial statements of SHL Group Holdings 3 Limited ("the Company") for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The results for the year ended 31 December 2012 are set out in the Profit and Loss Account on page 6. During the year the Company incurred interest on the bank loan and received interest from loans with group undertakings. The results show a profit on ordinary activities before taxation of £2,163,000 (2011: profit of £4,232,000).

On 2 August 2012, CEB acquired SHL Group Holdings 1 Limited, a parent company of the Company, and its subsidiaries ("the SHL Group"). As part of the acquisition the remaining bank debt of the Company was repaid and the related interest rate hedge terminated.

DIRECTORS

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

S Barrett (resigned 1 June 2012)
E V Lancaster (resigned 27 November 2012)
D Leigh (resigned 27 November 2012)
C J Phillips (appointed 27 November 2012 and resigned 31 July 2013)
M D Franks (appointed 27 November 2012)
C J Sandham (resigned 2 August 2012)
L J Stone (resigned 2 August 2012)
D A Thorpe (resigned 2 August 2012)
M Kessler (resigned 2 August 2012)
S Troeller (resigned 2 August 2012)
M Rourke (resigned 27 April 2012)
J Gordon (appointed 27 April 2012 and resigned 2 August 2012)
D Ryell (appointed 22 July 2013)

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

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

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

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

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

By Order of the Board



MARTIN FRANKS
Director
18 December 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SHL GROUP HOLDINGS 3 LIMITED**

We have audited the financial statements of SHL Group Holdings 3 Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement as set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

20 DEC 2013

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Restructuring costs	2	-	(14)
Operating loss		-	(14)
Interest receivable and similar income	3	4,449	7,393
Interest payable and similar charges	3	(2,286)	(3,147)
Profit on ordinary activities before taxation		2,163	4,232
Taxation on profit on ordinary activities	4	-	-
Profit for the year	10	2,163	4,232

The profit for the year is generated from continuing activities

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

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

BALANCE SHEET
As at 31 December 2012

		2012 £'000	2011 £'000
Fixed assets			
Investments	5	63,987	63,987
Current assets			
Debtors	6	82,060	79,982
Cash and Short term Deposits		1	1
Creditors: amounts falling due within one year	7	(21,071)	(70)
Net current assets		60,990	79,913
Total assets less current liabilities		124,977	143,900
Creditors amounts falling due after more than one year	8	-	(21,086)
Net assets		124,977	122,814
Capital and reserves			
Called up share capital	10	5,110	5,110
Merger reserve	10	119,897	119,897
Profit and loss account	10	(30)	(2,193)
Shareholders' funds		124,977	122,814

These financial statements of SHL Group Holdings 3 Limited, registered number 5919149, were approved by the board of directors and authorised for issue on 18 December 2013 and signed on its behalf by



Martin Franks
Director

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(A) BASIS OF PREPARATION

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

Going concern

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

The directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they consider it is appropriate to continue to adopt the going concern basis in preparing the Company's financial statements.

(B) INVESTMENTS

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

(C) FOREIGN CURRENCIES

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

(D) TAXATION

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

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

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

(E) BANK BORROWINGS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1. ACCOUNTING POLICIES (CONTINUED)****(F) DERIVATIVE FINANCIAL INSTRUMENTS**

The Company uses derivative financial instruments to reduce exposure to interest rate movements. It does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate. Interest differentials under these swaps are recognised by adjusting new interest payable over the period of the contracts.

2. OPERATING LOSS

Operating loss is stated after charging

	2012 £'000	2011 £'000
Refinancing Costs	-	(14)

No staff costs were incurred during the year (2011: £nil) and the directors received no emoluments from the Company for the year (2011: £nil). The directors have received emoluments from the group undertaking, SHL Group Limited, of which none related to their services as directors of the Company. The company is a very small element of the group and therefore the directors do not consider it appropriate to apportion the Directors' remuneration to the service provided to SHL Group Holdings 3 Limited.

Audit fees of £5,000 (2011: £5,000) are borne by the group undertaking, SHL Group Limited in both years.

3. NET INTEREST RECEIVABLE AND OTHER SIMILAR INCOME

	2012 £'000	2011 £'000
Group interest receivable	3,345	6,648
Foreign exchange gains	1,104	745
Total interest receivable and similar income	4,449	7,393
Bank interest payable	(2,276)	(3,113)
Other interest and charges	(10)	(10)
Group interest payable	-	(24)
Total interest payable and similar charges	(2,286)	(3,147)
Net interest receivable and other similar income	2,163	4,246

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. TAXATION

	2012 £'000	2011 £'000
Tax charge on profit on ordinary activities for the year	-	-
A tax reconciliation is provided below		
Profit on ordinary activities before taxation	2,163	4,232
Profit on ordinary activities at the standard rate of UK corporation tax of 24.5% (2011: 26.5%)	(530)	(1,121)
Effects of:		
Utilisation of old losses	-	697
Claimed as Group relief	173	424
Claimed as Consortium relief	357	-
	-	-

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

5. INVESTMENTS

	Equity in Group undertaking £'000
Cost	
At 31 December 2011 and 31 December 2012	63,987

The Company has fixed asset investments in the following Group undertaking:

	Country of Incorporation	Effective Holding 2011 & 2012
SHL Group Holdings 4 Limited	England & Wales	100%
SHL Group Holdings 4 Limited is a holding and group financing company		

6. DEBTORS DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Amounts owed by group undertakings	82,060	79,982

7. CREDITORS: amounts falling due within one year

	2012 £'000	2011 £'000
Other creditors	-	70
Amounts owed to Parent undertaking	21,071	-
	21,071	70

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. CREDITORS: amounts falling due after more than one year

	2012 £'000	2011 £'000
Bank Loans	-	21,086
	-	21,086

On 2 August 2012 The Corporate Executive Board Company Incorporated ("CEB") acquired SHL Group Holdings 1 Limited, a parent company of the Company, and its subsidiaries. As part of the acquisition the remaining bank debt of the Company was fully repaid.

9. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Company may enter into derivative contracts to protect specific interest rate exposure.

Hedging

The Company has a number of interest hedges to cover the Group's exposure on variable interest rates. The amounts hedged, and details of the hedges were as follows:

Currency	Type of hedge	Fixed rate	Expiry Date	Nominal Value at 31 December 2012 000's	Nominal Value at 31 December 2011 000's
USD	Swap	3.68%	December 2014	-	\$6,000

Following the acquisition by CEB and the repayment of all outstanding bank loans the above instruments were terminated on 2 August 2012 and resulted in a break cost of £318,000.

10. SHARE CAPITAL AND RESERVES

	Allotted, Called up and Fully Paid 2012 and 2011		
Equity	No		
Ordinary shares of £1 each	5,109,776		
	Called Up Share Capital	Merger reserve	Profit & Loss Account
	£'000	£'000	£'000
At 1 January 2012	5,110	119,897	(2,193)
Profit for the period	-	-	2,163
At 31 December 2012	5,110	119,897	(30)
			Total
			£'000
			122,814
			2,163
			124,977

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. RELATED PARTY TRANSACTIONS

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

12. CONTROLLING PARTIES

The Company is a 67% subsidiary undertaking of SHL Group Holdings 2 Limited. The remaining 33% is owned by another group undertaking, The Corporate Executive Board Company (UK) Limited. The largest and the smallest group into which the Company will be consolidated is The Corporate Executive Board Company Incorporated ("CEB"), a company incorporated in the USA. No other group financial statements include the results of the Company. The consolidated financial statements for CEB are available to the public and may be obtained from their official website www.executiveboard.com