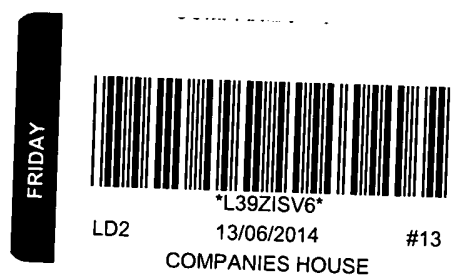


# **CEB Holdings UK 3 Limited**

## **Report and Financial Statements**

31 December 2013



**CEB Holdings UK 3 Limited**

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Registered No. 08228640

**Directors**

M D Franks  
M L Jones  
P W Levett  
R S Lindahl  
R W Morgan  
A V Parslow  
S J Read

**Auditors**

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

**Registered Office**

Victoria House, Fourth Floor  
37-63 Southampton Row  
Bloomsbury Square  
London WC1B 4DR

## Strategic report

The directors present their strategic report for the period from 25 September 2012, being the date of incorporation to 31 December 2013.

### Principal activity and review of the business

The company's principal activity during the period was that of an investment vehicle.

The loss for the period, after taxation, amounted to \$11,456,000. The directors do not recommend the payment of a final dividend for the period and no interim dividends have been paid.

The shares of the company are held by The Corporate Executive Board Company Inc, the immediate and ultimate parent company.

On 26 September 2012, the company acquired the issued share capital of SHL US Inc. for \$230m. The loss for the period was principally due to a foreign exchange difference on a sterling denominated loan issued to the ultimate parent undertaking which the parent used to acquire SHL US Inc from the company.

On 12 December 2012, the company received a £142 million promissory note (Note C) in exchange for shares of SHL US, Inc (USD denominated share capital). The promissory note had a term of 9 years and was non-interest bearing. On 19 April 2013, the company reduced its issued share capital to \$100 (from \$230 million) via a capital reduction and used the resulting distributable reserves to distribute the rights of the note receivable to its parent company. The revaluation of the sterling loan prior to distribution resulted in a foreign exchange loss, resulting in a total loss for the period of \$11,456,000.

The key financial and other performance indicators during the period were as follows:

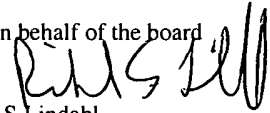
	2013 \$000
Loss on ordinary activities before taxation	11,456
Retained loss for the period	8
Shareholders' deficit	8

The directors consider the position and results for the period ended 31 December 2013 to be satisfactory.

### Principal risk and uncertainties

The company is no longer exposed to foreign exchange risk since the rights of the loan were distributed on 19 April 2013. The company was not directly exposed to market price risk from its investment in its wholly owned subsidiary undertaking which was held for part of the period.

On behalf of the board

  
R S Lindahl  
Director

12 June 2014

## Directors' report

The directors present their report for the period from 25 September 2012, being the date of incorporation, to 31 December 2013.

### Directors of the company

The directors who served the company during the period, and up to the date of this report, unless otherwise noted were as follows:

M D Franks (appointed on 31/12/2012)  
M L Jones (appointed on 26/07/2012)  
P W Levett (appointed on 26/07/2012)  
R S Lindahl (appointed on 26/07/2012)  
R W Morgan (appointed on 31/12/2012)  
A V Parslow (appointed on 26/07/2012)  
S J Read (appointed on 31/12/2012)

### Post balance sheet events

There were no post balance sheet events that require to be disclosed.

### Going Concern

The company depends upon the ultimate parent company to continue as a going concern. The ultimate parent undertaking has confirmed that it will continue to provide financial support to assist the company in meeting its liabilities as and when they fall due for a period of at least twelve months from the date of approval of these financial statements.

### Future developments

The directors aim to utilise the taxable losses, which resulted from the exchange rate loss, within the group. It is expected that the company will be dormant in the foreseeable future.

### Financial instruments

Details on financial instruments are provided in the strategic report on page 2.

### Disclosure of information to auditor

The directors, who were members of the board at the time of approving the directors' report, are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

Ernst & Young LLP were appointed as auditors for the first period of accounts. Pursuant to and in accordance with Companies Act 2006, the company elected to dispense with the obligation to appoint auditors annually. Accordingly, Ernst & Young LLP are deemed to continue in office.

On behalf of the board



R S Lindahl

Director

12 June 2014

## Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 period. 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper 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 to 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 CEB Holdings UK 3 Limited**

We have audited the financial statements of CEB Holdings UK 3 Limited for the period ended 31 December 2013 which comprise the Income statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 8. 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 set out on page 4, the directors are responsible for the preparation of the financial statement and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether: the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2013 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

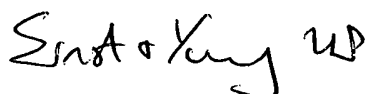
## **Independent auditor's report (continued)**

**to the members of Corporate Executive Board Holdings UK 3 Limited**

### **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 by the company, 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.



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

12 June 2014

## Income statement

for the period ended 31 December 2013

	Notes	2013 \$000
Foreign exchange loss		(11,448)
Administrative expenses		(8)
<b>Operating loss</b>	2	<u>(11,456)</u>
<b>Loss on ordinary activities before Investment income, interest and taxation</b>		(11,456)
Tax on loss on ordinary activities	3	-
<b>Loss for the financial period</b>		<u><u>(11,456)</u></u>

All results are from continuing operations.

## Statement of Comprehensive Income

for the period ended 31 December 2013

There are no recognised gains or losses other than the loss of \$11,456,000 attributable to the shareholder for the period ended 31 December 2013.

Therefore total comprehensive loss for period was \$11,456,000.



## Statement of changes in Equity

for the period ended 31 December 2013

	<i>Notes</i>	<i>Share capital \$000</i>	<i>Profit and loss account \$000</i>	<i>Total share-holders' funds \$000</i>
At 25 September 2012		-	-	-
Issued share capital (12 December 2012)	4	230,087	-	230,087
Reduction of issued share capital (19 April 2013)	4	(230,087)	230,087	-
Distribution of rights to loan receivable to the parent (19 April 2013)	4	-	(218,639)	(218,639)
Comprehensive loss for the period		-	(11,456)	(11,456)
At 31 December 2013		-	(8)	(8)

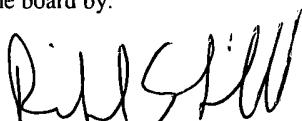
The distribution of rights to the loan receivable to the parent had a fair value of \$165 million at the date of distribution.

## Statement of Financial Position

at 31 December 2013

	Notes	2013 \$000
<b>Creditors:</b> amounts falling due within one year	5	(8)
<b>Net current assets</b>		<u>(8)</u>
<b>Total assets less current liabilities / Net assets</b>		<u>(8)</u>
<b>Capital and reserves</b>		
Called up share capital	6	-
Profit and loss account		(8)
<b>Shareholders' funds</b>		<u>(8)</u>

The financial statements were approved by the board of directors on 12 June 2014 and signed on behalf of the board by:



R S Lindahl  
Director

## Notes to the financial statements

at 31 December 2013

### 1. Accounting policies

#### *Statement of compliance*

CEB Holdings UK 3 is a limited liability company incorporated in England. The Registered Office is Victoria House, 37 – 63 Southampton Row, Bloomsbury Square, London WC1B 4DR.

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', which has been early applied and these financial statements will have a presentation currency of US Dollars.

The results of CEB Holdings UK 3 are included in the consolidated financial statements of the parent undertaking (refer to note 8 for details).

The following FRS 102 disclosure exemptions have been taken:

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A .

The principal accounting policies are set out below and have been applied consistently throughout the period.

#### *Judgments and estimates*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. Management considers that there are no significant judgements and estimates made.

#### *Functional currency*

The financial statements are prepared in US Dollars which is the functional currency of the company and rounded to the nearest \$'000.

#### *Going concern basis*

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The ultimate parent undertaking has confirmed that it will continue to provide financial support to assist the company in meeting its liabilities as and when they fall due for a period of at least twelve months from the date of approval of these financial statements.

#### *Consolidated financial statements*

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to produce consolidated financial statements on the grounds that the company and its subsidiaries are part of a larger group which produces consolidated financial statements. As a result the financial statements present information about the company as an individual undertaking only. See Note 8 for details of the parent undertaking.

## Notes to the financial statements

at 31 December 2013

### **Fixed asset investments**

Fixed asset investments are shown at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

### **Financial assets**

Loans which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted; and
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Foreign currencies**

Transactions in foreign currencies are recorded in the company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences are taken to the profit and loss account.

## 2. Operating loss

This is stated after charging:

	2013 \$000
Auditor's remuneration – audit of the financial statements	8
Exchange rate differences – Loan Note C	11,448
	<u>11,456</u>

No emoluments were paid to the directors for their qualifying services during the period. The company's directors believe that it is not practicable to apportion their remuneration between qualifying services for this company and the other group companies in which they hold office.

The company had no employees during the period.

## Notes to the financial statements

at 31 December 2013

### 3. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2013 \$000
<i>Current tax:</i>	
UK corporation tax on the loss for the period	-
Total current tax (note 3(b))	-

(b) Factors affecting current tax charge for the period:

The tax assessed for the period is based on the standard rate of corporation tax in the UK of 23.4%. The differences are explained below:

	2013 \$000
Loss on ordinary activities before tax	(11,456)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.4%	(2,681)
<i>Effects of:</i>	
Group relief surrendered	2,681
Current tax for the year (note 3(a))	-

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

## Notes to the financial statements

at 31 December 2013

### 4. Investments

*Subsidiary  
undertakings  
\$000*

Cost:

At 25 September 2012

Additions (26 September 2012)

Disposal (12 December 2012)

-

230,087

(230,087)

Cost and net book value at 31 December 2013

On 26 September 2012, the company acquired the issued share capital of SHL US Inc.. On 12 December 2012, the company transferred these shares to its parent company in exchange for a sterling denominated promissory note (Note C) of value £142m. The promissory note had a term of 9 years and was non-interest bearing. On 19 April 2013, the rights of this promissory note were distributed to the parent company following a reduction in share capital.

The company held 20% or more of the share capital of the following companies up until 19 April 2013:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Effective Ownership Interest (2013)</i>	<i>Nature of Business</i>
SHL US, Inc	United States	100%	Holding Company

The company had an indirect investment in the following companies up until 19 April 2013:

Personnel Decisions Research Institute, Inc	United States	100%	Consultancy
PreVisor UK Limited	England & Wales	100%	Holding Company
Prev Holdings Australia Pty Limited	Australia	100%	Consultancy
Previsor Pty limited	Australia	100%	Consultancy

### 5. Creditors: amounts falling due within one year

*2013  
\$000*

Accrued expense

8

8

## Notes to the financial statements

at 31 December 2013

### 6. Issued share capital

		2013
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>\$000</i>
Ordinary shares of \$1 each	100	-

### 7. Related parties

In accordance with Financial Reporting Standard FRS 102 Section 33 paragraph 1A, the company has taken advantage of the exemption from reporting related party transactions entered into with other wholly owned group companies. The financial statements of The Corporate Executive Board Company Inc. are publicly available (note 8).

### 8. Parent undertaking and controlling party

The company's immediate and ultimate parent undertaking and controlling party is The Corporate Executive Board Company Inc., a company incorporated in the United States of America, which is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are prepared. Copies of the financial statements of the Corporate Executive Board Company Inc. are available from its registered office: 1919 North Lynn Street, Arlington, VA 22209, USA.