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**SHL PRODUCT LTD**

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**UNAUDITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**SHL PRODUCT LTD**

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**COMPANY INFORMATION**

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**Directors** Michael Edmondson  
Andrew William Myers (resigned 31 July 2020)  
David Edward Ryell (resigned 31 July 2020)  
Nicholas Vivian Malley (appointed 8 June 2020)  
Paul John Greensmith (appointed 31 July 2020)

**Registered number** 06549573

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

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**SHL PRODUCT LTD**

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**SHL PRODUCT LTD**  
**REGISTERED NUMBER: 06549573**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 €000	2019 €000
<b>Fixed assets</b>			
Tangible assets	6	2	31
		<u>2</u>	<u>31</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	5,307	6,168
Cash at bank and in hand	8	175	197
		<u>5,482</u>	<u>6,365</u>
Creditors: amounts falling due within one year	9	(5,148)	(6,143)
		<u>334</u>	<u>222</u>
<b>Net current assets</b>		<b>334</b>	<b>222</b>
<b>Total assets less current liabilities</b>		<b>336</b>	<b>253</b>
Creditors: amounts falling due after more than one year		-	(5)
<b>Net assets</b>		<b>336</b>	<b>248</b>
<b>Capital and reserves</b>			
Foreign exchange reserve		(29)	(35)
Profit and loss account		365	283
		<u>336</u>	<u>248</u>

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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The Company has taken advantage of section 444(1) of the Companies Act 2006 and opted not to deliver to the registrar a copy of the company's Profit and Loss Account and Director's report.

For the years ending 2020 and 2019 the directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006 for the years ending 2020 and 2019.

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

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 September 2021.



**Paul John Greensmith**  
Director

The notes on pages 3 to 14 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. General information**

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

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

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

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

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

This information is included in the consolidated financial statements of SHL Global Holdings 2 Limited as at 31 December 2020 and these financial statements may be obtained from 1 Atwell Place, Thames Ditton, Surrey, KT7 ONE, UK.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. Accounting policies (continued)**

**2.3 Going concern**

The Directors have prepared cash flow forecasts for the Group for a period through to 31 December 2022. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future trading performance. The Directors have considered sensitivities to this forecast trading performance.

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

SHL Global Holdings 2, one of the wholly owned subsidiaries of the Group, provides a guarantee on all outstanding liabilities of its UK subsidiaries as at 31 December 2020, which include SHL Product Limited. On this basis, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors are adopting a going concern basis in preparing the financial statements of the Company.

**2.4 Foreign currency translation**

**Functional and presentation currency**

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

**Transactions and balances**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. Accounting policies (continued)**

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Turnover in the profit and loss account represents the value of goods and services provided to external clients net of VAT and trade discounts. Turnover is recognised as follows in accordance with Section 23 of FRS 102:

In Advance / In Arrears unit usage revenue: Revenue from web-based unit sales is recognised on usage, irrespective of whether the units are billed in advance or arrears.

Subscription and Licence fees: Some clients purchase a subscription giving limited or unlimited access to use of the Group's on-line offering. Revenue from subscription contracts is recognised on a straight line basis over the life of the contract. Licence revenue is recognised on a straight line basis over the period of the licence.

Professional Services revenue: This revenue includes consulting, training and outsourced assessment revenue. Consulting revenue is recognised over the life of the project according to the stage of completion or upon the achievement of milestones. In some cases, clients receive access to a defined number of consulting days when they purchase units or a subscription contract. In this situation, provided the consulting work can be unbundled from the on-line product sale, the consulting revenue is recognised when the consultant performs the work. Where it cannot be unbundled, it is recognised as part of the consumption of on-line units or the subscription contract. Training revenue is recognised on delivery of the training to the client. Outsourced assessment revenue is recognised over the life of the project on a percentage of completion basis or upon the achievement of milestones.

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

**2.6 Leases : the Company as lessee**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. Accounting policies (continued)**

**2.7 Impairment of non-financial assets**

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

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

**2.8 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.9 Finance costs**

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

**2.10 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**2.11 Pensions**

**Defined contribution pension plan**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. Accounting policies (continued)

2.12 Taxation

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 reporting date in the countries where the Company operates and generates income.

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

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

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

2.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.14 Cash and cash equivalents**

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

**2.15 Financial instruments**

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

Short-term debtors and creditors

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

**2.16 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

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

**4.1 Judgements**

The most significant judgements made by management in the process of applying the Company'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.

**4.2 Assumptions and estimation uncertainty**

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

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

**Impairment of non-financial assets**

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

**4. Pension Scheme**

The Company operates a number of defined contribution pension schemes. The cost of the schemes for the year ended 31 December 2020 was €168,000 (2019: €168,000). At 31 December 2020 and 2019, there were no accruals in respect of pension contributions.

**SHL PRODUCT LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**5. Taxation**

	<b>2020</b>	<i>2019</i>
	<b>€000</b>	<i>€000</i>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>23</b>	44
Adjustments in respect of previous periods	-	(36)
	<b>23</b>	8
	<b>23</b>	8
<b>Total current tax</b>	<b>23</b>	8

**Factors affecting tax charge for the year**

The effective tax rate for the year is higher than (*2019 - higher than*) the standard rate of corporation tax in the UK of 19% (*2019 - 19%*). The differences are explained below:

	<b>2020</b>	<i>2019</i>
	<b>€000</b>	<i>€000</i>
Profit on ordinary activities before tax	<b>100</b>	214
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% ( <i>2019 - 19%</i> )	<b>19</b>	41
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>4</b>	(2)
Higher rate taxes on overseas earnings	<b>2</b>	5
Adjustments to tax charge in respect of prior periods	-	(36)
Other timing differences leading to an increase (decrease) in taxation	<b>(2)</b>	-
<b>Total tax charge for the year</b>	<b>23</b>	8

**Factors that may affect future tax charges**

In March 2021, the government announced legislation that will increase the Corporation Tax rate from 19% to 25% for the year starting 1 April 2023.

SHL PRODUCT LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Tangible fixed assets

	Leasehold Improvements €000	Fixtures and fittings €000	Total €000
<b>Cost or valuation</b>			
At 1 January 2020	140	375	515
Exchange adjustments	2	8	10
At 31 December 2020	142	383	525
<b>Depreciation</b>			
At 1 January 2020	125	359	484
Charge for the year on owned assets	14	14	28
Exchange adjustments	2	9	11
At 31 December 2020	141	382	523
<b>Net book value</b>			
At 31 December 2020	1	1	2
At 31 December 2019	15	16	31

**SHL PRODUCT LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. Debtors**

	<b>2020</b>	<i>2019</i>
	<b>€000</b>	<i>€000</i>
Trade debtors	<b>1,403</b>	<i>2,281</i>
Amounts owed by group undertakings	<b>3,419</b>	<i>3,285</i>
Other debtors	<b>109</b>	<i>87</i>
Prepayments and accrued income	<b>257</b>	<i>304</i>
Tax recoverable	<b>119</b>	<i>211</i>
	<b>5,307</b>	<i>6,168</i>

Interest is receivable on the loans included within amounts owed by group undertakings at either 1 month DKK CIBOR plus 200 basis points, 1 Month SEK STIBOR plus 200 basis points and 1 Month EUR LIBOR plus 200 basis points for 2020 and 2019.

**8. Cash and cash equivalents**

	<b>2020</b>	<i>2019</i>
	<b>€000</b>	<i>€000</i>
Cash at bank and in hand	<b>175</b>	<i>197</i>
	<b>175</b>	<i>197</i>

**9. Creditors: Amounts falling due within one year**

	<b>2020</b>	<i>2019</i>
	<b>€000</b>	<i>€000</i>
Trade creditors	<b>52</b>	<i>156</i>
Amounts owed to group undertakings	<b>1,750</b>	<i>2,158</i>
Corporation tax	<b>56</b>	<i>43</i>
Other taxation and social security	<b>838</b>	<i>561</i>
Other creditors	<b>221</b>	<i>293</i>
Accruals and deferred income	<b>2,231</b>	<i>2,932</i>
	<b>5,148</b>	<i>6,143</i>

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

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**SHL PRODUCT LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Creditors: Amounts falling due after more than one year**

	<b>2020</b>	<i>2019</i>
	<b>€000</b>	<i>€000</i>
Net obligations under finance leases and hire purchase contracts	-	5
	<u>-</u>	<u>5</u>
	<u>-</u>	<u>5</u>

**11. Share capital**

	<b>2020</b>	<i>2019</i>
	<b>€000</b>	<i>€000</i>
<b>Allotted, called up and fully paid</b>		
10,000 ( <i>2019 - 10,000</i> ) Ordinary shares of £0.0002 each	-	-
	<u>-</u>	<u>-</u>

**12. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2020</b>	<i>2019</i>
	<b>€000</b>	<i>€000</i>
Not later than 1 year	72	84
Later than 1 year and not later than 5 years	118	286
	<u>190</u>	<u>370</u>
	<u>190</u>	<u>370</u>

The Company had no contracted capital commitments at 31 December 2020 and 2019.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**13. Controlling party**

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

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

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

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