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Silchester Partners Limited

(formerly Silchester International Investors Limited)

Report and Accounts

31 March 2011

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Silchester Partners Limited
Report and Accounts
For the Period Ended 31 March 2011

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Silchester Partners Limited

Report of the Directors

The Directors present their Report and Accounts for Silchester Partners Limited ("SII Limited") covering the period from 1 May 2010 to 31 March 2011. All comparatives are for the year ended 30 April 2010.

Transfer of the business

On 1 November 2010, SII Limited transferred its regulated investment business along with certain assets and liabilities and its investment in Silchester International Investors, Inc ("SII Inc") to Silchester International Investors LLP (the "Partnership"). All employees of SII Limited became partners or employees of the Partnership on that date. Following this transfer, the accounting date for SII Limited was changed from 30 April to 31 March. The name of SII Limited also changed from Silchester International Investors Limited to Silchester Partners Limited.

Results and dividends

The profit after taxation for the period amounted to £22,561,594 (2010: £27,585,415). No dividends have been paid to Ordinary Shareholders during the period (December 2009: £24,217,952 and March 2010: £7,961,150). A final dividend of £nil is proposed (2010: £nil).

Activity, business review and future developments

SII Limited continues to engage in investment management by providing ongoing operational, intellectual, financial and other support to similarly situated investment management firms in which it has an economic interest. SII Limited had a wholly-owned subsidiary in Bermuda which was liquidated during the period. There are no plans which will significantly change the activities and risks.

SII Limited directly owns a substantial minority interest in four UK based investment management companies and one Japan based investment management company. SII Limited indirectly participates in two UK based investment management partnerships through a substantial minority interest in Heronbridge Limited and Highclere Investment Management Limited. Assets under management for each associate company as at 30 April 2010 and 31 March 2011 were as follows:

	31 March 2011	30 April 2010	Change
	£'m	£'m	%
Silchester International Investors LLP	15,975	14,723	+8.5%
Colchester Global Investors Limited	8,484	7,512	+12.9%
Sanderson Asset Management Limited	4,172	3,694	+12.9%
Highclere International Investors LLP	1,045	679	+53.8%
Nippon Value Investors KK	354	265	+33.6%
Heronbridge Investment Management LLP	286	52	+450.7%
Edgbaston Investment Partners Limited	88	24	+260.4%

On or around 1 July 2011, SII Limited is expected to indirectly participate in a third UK based investment management partnership (Kiltearn Partners LLP) through a substantial minority equity interest in Kiltearn Limited.

SII Limited's key financial and performance indicators during the year were as follows:

	31 March 2011	30 April 2010	Change
	£	£	%
Turnover	62,088,299	90,624,385	-31.5%
Operating profit	23,764,328	23,928,076	-0.7%
Profit after tax	22,561,594	27,585,415	-18.2%
Shareholders' funds	44,187,385	20,363,549	+117.0%

Silchester Partners Limited

Report of the Directors (continued)

Shareholders' funds increased as profits after tax were retained to support associate investment and risk management obligations

The Directors note that, in accordance with UK accounting standards, the Company's results do not include accrued profits from its participation in the Partnership and the other associated firms that have not been received by the Company as partnership distributions or dividends, as the case may be. The Directors are of the opinion that these amounts are significant. The Company's results also do not include income earned within its wholly owned subsidiary (Silchester International Investors, Inc.) for the period from 1st May 2010 to 31st October 2010 as this was not distributed to the Company by way of dividend.

Principal risks and uncertainties

The principal risks to SII Limited are that (i) the associate companies' investment performance will fail to satisfy client expectations or (ii) clients will choose to invest more of their assets in asset classes other than those provided by the associate companies. Either outcome could lead to decreased assets under management, reduced turnover, and lower profits. SII Limited does not utilise forward currency contracts to manage its own financial currency risks or other derivative instruments to reduce the volatility of the earnings of SII Limited.

Price risk arises on financial instruments because of changes in, for example, equity prices or foreign exchange rates. SII Limited's associate investments are held at cost and are therefore not exposed to price risk. SII Limited maintains investments in a number of privately offered funds which are exposed to price risk. This risk exposure is within SII Limited's risk appetite. SII Limited is not subject to material credit, liquidity or cash flow risks in normal circumstances.

Future developments

The Directors aim to maintain the policies which have resulted in SII Limited's growth in recent years.

Directors

The Directors at 31 March 2011, who served during the year, were as follows:

S C Butt
M J J Cowan
C B Cowie

Political and charitable contributions

During the year, SII Limited did not make any political or charitable contributions.

Close company status

The Directors are of the opinion that SII Limited is a close company under the provisions of the Income and Corporation Taxes Act, 1988.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditor in connection with preparing its reports, of which the Auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the Auditor is aware of that information.

Silchester Partners Limited

Report of the Directors (continued)

Going Concern

SII Limited's business activities, together with the factors likely to affect their future development, their financial position and risk management objectives are described in the business review and review of principal risks and uncertainties on pages 1 and 2

SII Limited have sufficient financial resources and as a consequence, the Directors believe that SII Limited are well placed to manage their business risks going forward

After making enquiries, the Directors have a reasonable expectation that SII Limited has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing their financial statements

Auditors

Ernst & Young LLP have expressed their willingness to continue as auditors. Ernst & Young LLP will be re-appointed as SII Limited's auditor in accordance with the elective resolution passed by SII Limited under Section 485 Companies Act 2006



Stephen C Butt
Director



Michael J J Cowan
Director
25 May 2011

Silchester Partners Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the accounts 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 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 the financial statements, the Directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

To the Shareholders of Silchester Partners Limited

We have audited the financial statements of SII Limited for the period ended 31 March 2011 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet, cashflow statement and the related notes 1 to 19. 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 SII Limited's shareholders, 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 SII Limited's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than SII Limited's shareholders 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 Statement of Directors' Responsibilities (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 (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 SII Limited'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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of SII Limited's affairs as at 31 March 2011 and of its profit 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the period 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
- 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.

Ernst & Young LLP

Jeremy Young (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date

25 May 2011

Silchester Partners Limited

Profit and Loss Account

For the Period Ended 31 March 2011
And Year Ended 30 April 2010

	Note	2011 £	2010 £
Turnover			
Investment management fees	2	50,137,632	87,831,141
Distribution from the Partnership		9,792,834	-
Income from subsidiary		1,743,130	2,793,244
Income from trademark agreement		414,703	-
		<u>62,088,299</u>	<u>90,624,385</u>
Operating expenses	3		
Remuneration	5	(31,176,873)	(54,495,008)
Payments under service agreement		(212,228)	-
Administrative expenses		(6,934,870)	(12,201,301)
		<u>(38,323,971)</u>	<u>(66,696,309)</u>
Operating profit	4	23,764,328	23,928,076
Dividends from subsidiary		2,308,322	6,375,213
Bank interest		132,671	503,735
Dividend income from securities		106,011	571
Net income from associates		3,541,201	5,435,717
Realised gain on investments		485,855	236,107
		<u>6,574,060</u>	<u>12,551,343</u>
Profit on ordinary activities before taxation		30,338,388	36,479,419
Taxation	6	(7,776,794)	(8,894,004)
Profit for the period / year		<u><u>22,561,594</u></u>	<u><u>27,585,415</u></u>

The accounting policies and notes on pages 10 - 24 are an integral part of these accounts

Silchester Partners Limited

Statement of Total Recognised Gains and Losses

For the Period Ended 31 March 2011
And Year Ended 30 April 2010

	2011	2010
	£	£
Profit after tax for the year	22,561,594	27,585,415
Unrealised appreciation on revaluation of investments	<u>1,262,242</u>	<u>2,738,326</u>
Total recognised gains	<u>23,823,836</u>	<u>30,323,741</u>

The accounting policies and notes on pages 10 - 24 are an integral part of these accounts

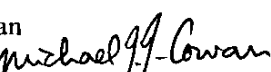
Silchester Partners Limited

Balance Sheet

At 31 March 2011
And 30 April 2010

	Note	2011 £	2010 £
Fixed assets			
Tangible fixed assets	8	-	51,134
Investments	9	32,810,773	15,342,796
Investments in associates	10	11,805,873	2,255,973
		<u>44,616,646</u>	<u>17,649,903</u>
Current assets			
Debtors	11	2,353,340	9,675,669
Cash and short-term deposits		1,822,672	4,436,578
		<u>4,176,012</u>	<u>14,112,247</u>
Creditors: amounts falling due within one year	12	<u>(4,605,273)</u>	<u>(11,280,261)</u>
Net current (liabilities) / assets		(429,261)	2,831,986
Total assets less current liabilities		<u>44,187,385</u>	<u>20,481,889</u>
Provision for liabilities and charges	13	-	(118,340)
Net assets		<u><u>44,187,385</u></u>	<u><u>20,363,549</u></u>
Capital and reserves	14		
Share capital		2,230,014	2,230,014
Share premium		109,474	109,474
Revaluation reserve		1,622,945	2,754,251
Capital redemption reserve		771,000	771,000
Profit and loss account		39,453,952	14,498,810
Shareholders' funds		<u><u>44,187,385</u></u>	<u><u>20,363,549</u></u>

S C Butt 

M J J Cowan 

25 May 2011

COMPANY REGISTRATION NO 3000514

The accounting policies and notes on pages 10 - 24 are an integral part of these accounts

Silchester Partners Limited

Cash Flow Statement

For the Period Ended 31 March 2011
And Year Ended 30 April 2010

	Note	2011 £	2010 £
Net cash inflow from operating activities	16	27,044,076	23,699,486
Returns on investments and servicing of finance			
Interest received		136,916	715,637
Net cash earnings from associates		3,541,201	5,435,716
Dividend from subsidiary		2,308,322	6,375,213
Dividend income from securities		106,011	571
		<u>6,092,450</u>	<u>12,527,137</u>
Taxation		(9,625,664)	(7,378,422)
Capital expenditure			
Purchase of tangible fixed assets		(17,513)	(46,887)
Acquisitions and disposals			
Investment in Partnership		(10,329,742)	-
Investment in associates		(49,900)	-
		<u>(10,379,642)</u>	<u>-</u>
Dividends paid	7	-	(35,747,124)
Management of liquid resources			
Purchase of securities		(284)	(8,698)
Sale of securities		32,244	1,847
Purchase of government securities		(4,812,725)	(3,235,824)
Maturity of government securities		7,966,015	7,575,970
Investment in funds		(33,001,104)	(9,143,441)
Redemption of investment in funds		14,088,240	-
		<u>(15,727,614)</u>	<u>(4,810,146)</u>
(Decrease)/increase in cash	17	<u><u>(2,613,907)</u></u>	<u><u>(11,755,956)</u></u>

The accounting policies and notes on pages 10 - 24 are an integral part of these accounts

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

1 Accounting policies

a Basis of preparation

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain investments, and in accordance with applicable accounting standards

b Pensions

Prior to 1 November 2010, SII Limited operated defined contribution pension schemes and contributions were charged in the profit and loss account as they became payable. From 1 November 2010, SII Limited does not provide any pensions.

c Tangible fixed assets

Tangible fixed assets are depreciated on a straight line basis over the estimated useful lives of the assets (as shown below)

Computer equipment	1 to 5 years
Office equipment	1 to 3 years
Furniture and fittings	3 years

De minimus amounts of expenditure on fixed assets are depreciated in full in the month of addition

d Investments

Investments in commingled funds are stated at the net asset value of SII Limited's proportionate share of the applicable fund. Investments in gilts are stated at market value. Unrealised appreciation on gilts and investments in commingled funds is taken to the revaluation reserve. Unrealised depreciation on investments in commingled funds is taken to the revaluation reserve or, if the value is below cost, to the profit and loss account. Investments in associated undertakings are accounted for at cost.

e Leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

f Foreign currency

Foreign currency transactions are translated at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date, and any differences arising are taken to the profit and loss account.

Assets and liabilities of subsidiaries are denominated in foreign currencies and translated into sterling at the rate of exchange prevailing at the balance sheet date. Revenue and expense items of such subsidiaries are translated at the average monthly exchange rate during the year. The resulting exchange differences are taken directly to reserves.

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

1 Accounting policies (continued)

g Taxation and Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

2 Turnover

Turnover is from one principal activity, investment management and advice

Turnover earned directly from investment management fees for the period 1 May 2010 to 31 October 2010 split by geographical market was as follows

	31 March 2011 £	30 April 2010 £
United States of America	50,137,632	87,831,141
Other	1,743,130	2,793,244
	<u>51,880,762</u>	<u>90,624,385</u>

Income by way of the distribution from Partnership and under the Trademark Licence Agreement are continuing activities and were split by geographical market as follows

	31 March 2011 £	30 April 2010 £
United Kingdom	<u>10,207,537</u>	<u>-</u>

3 Operating Expenses

Expenses associated with the operation of the Partnership's investment management business are now paid by the Partnership Expenses incurred prior to 1 November 2010 are reflected within administrative expenses

4 Operating profit

	31 March 2011 £	30 April 2010 £
This is stated after charging		
Auditors' remuneration – corporate audit	7,500	25,000
Auditors' remuneration – taxation advice and non audit	146,952	124,759
Auditors' remuneration – audits of commingled funds	-	56,591
Depreciation of tangible fixed assets	14,833	27,639
Operating lease rentals - land and buildings	200,654	360,902
Exchange loss	56,412	159,630
Loss on disposal of SII Inc	514,860	-

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

5 Employee information	31 March 2011 £	30 April 2010 £
Employment costs, including executive directors, are		
Salaries and wages	27,685,187	48,342,380
Social security and other costs	2,921,776	5,557,369
Pension costs	569,910	595,259
	<u>31,176,873</u>	<u>54,495,008</u>
The average number of employees during the period to 1 November 2010, calculated on a month by month basis, was twenty-five (2010 twenty-three) As of 1 November 2010, SII Limited had no employees		
6 Taxation	31 March 2011 £	30 April 2010 £
The tax charge is made up as follows		
UK taxation	9,387,008	8,775,667
Adjustments in respect of prior periods	(279,780)	(4)
Total current tax charge for the year	<u>9,107,228</u>	<u>8,775,663</u>
Deferred tax (note 13)	(1,330,434)	118,340
Tax on profit on ordinary activities	<u>7,776,794</u>	<u>8,894,004</u>
Profit on ordinary activities before tax	<u>30,338,388</u>	<u>36,479,419</u>
Profit multiplied by standard tax rate of 28%	8,494,749	10,214,237
Effects of		
Disallowed expenses	154,666	73,106
Accelerated capital allowances	(5,783)	(17,868)
Non-taxable income	(1,064,023)	(1,799,413)
Adjustment in respect of prior years	(279,780)	(4)
Share of partnership taxable profits	1,305,331	-
Chargeable gains	502,068	305,605
Current tax charge for the year	<u>9,107,228</u>	<u>8,775,663</u>
7 Dividends	31 March 2011 £	30 April 2010 £
Dividends on ordinary shares		
Final paid	-	3,568,022
Interim(s) paid	-	32,179,102
	<u>-</u>	<u>35,747,124</u>
Proposed	<u>Nil</u>	<u>Nil</u>

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

8 Tangible fixed assets

	<u>Computer Equipment</u> £	<u>Furniture and Equipment</u> £	<u>Total</u> £
<u>Cost</u>			
At 1 May 2010	304,703	532,382	837,085
Additions	16,314	1,199	17,513
Disposals	(6,990)	(20,216)	(27,206)
Transfer to the Partnership	(314,027)	(513,365)	(827,392)
At 31 March 2011	-	-	-
<u>Depreciation</u>			
At 1 May 2010	268,779	517,172	785,951
Charge for the year	10,416	4,417	14,833
Disposals	(6,990)	(20,216)	(27,206)
Transfer to the Partnership	(272,205)	(501,373)	(773,578)
At 31 March 2011	-	-	-
Net book value at 31 March 2011	-	-	-
Net book value at 1 May 2010	<u>35,924</u>	<u>15,210</u>	<u>51,134</u>

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

9 Investments

	Investment in Funds & <u>Equities</u> £	Investment in Subsidiary <u>Undertakings</u> £	Treasury <u>Gilts</u> £	<u>Total</u> £
<u>Cost</u>				
At 1 May 2010	9,594,123	7,732	2,986,688	12,588,543
Additions	31,795,414	-	4,812,725	36,608,139
Disposals	(10,201,708)	(7,719)	(7,799,413)	(18,008,840)
Transfer to the Partnership	-	(13)	-	(13)
At 31 March 2011	<u>31,187,829</u>	<u>-</u>	<u>-</u>	<u>31,187,829</u>
<u>Carry Value</u>				
At 1 May 2010	12,186,561	7,732	3,148,503	15,342,796
Additions	31,795,414	-	4,812,725	36,608,139
Disposals	(12,433,444)	(7,719)	(7,961,228)	(20,402,391)
Revaluation	1,262,242	-	-	1,262,242
Transfer to the Partnership	-	(13)	-	(13)
At 31 March 2011	<u>32,810,773</u>	<u>-</u>	<u>-</u>	<u>32,810,773</u>

Prior to 1 November 2010, SII Limited had two subsidiary undertakings. One subsidiary undertaking, Silchester International Investors, Inc, was transferred to the Partnership on 1 November 2011. Silchester International Investors (Bermuda) Limited was liquidated on 16 February 2011.

	31 March 2011 £	30 April 2010 £
Listed investments	-	3,174,703
Unlisted investments	32,810,773	12,168,093
	<u>32,810,773</u>	<u>15,342,796</u>

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

10 Investment in associated undertakings

	£
<u>Cost</u>	
At 1 May 2010	2,255,973
Additions	9,549,900
Disposals	-
At 31 March 2011	<u><u>11,805,873</u></u>

For information purposes only, associate undertakings are shown below with the appropriate share of their results and reserves based on unaudited management accounts to 31 March 2011

	31 March 2011 £	30 April 2010 £
Colchester Global Investment Limited	3,906,984	2,112,507
Sanderson Asset Management Limited	2,532,414	1,208,094
Heronbridge Limited	241,612	239,016
Nippon Value Investors KK	690,849	515,245
Highclere Investment Management Limited	762,884	430,760
Edgbaston Investment Partners Limited	344,704	341,898
Kiltearn Limited	49,900	-
Silchester International Investors LLP	14,161,899	-
	<u><u>22,691,246</u></u>	<u><u>4,847,520</u></u>

On 1 November 2010, SII Limited transferred its regulated investment business along with certain assets and liabilities and its investment in Silchester International Investors, Inc ("SII Inc") to Silchester International Investors LLP (the "Partnership") All employees of SII Limited became partners or employees of the Partnership on that date

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

10 Investment in associated undertakings (continued)

Associated undertakings comprise

<u>Name of Company</u>	<u>% of Total Equity</u>	<u>Nature of Business</u>
Colchester Global Investors Limited (incorporated in England)	49.9	Investment Management
Sanderson Asset Management Limited (incorporated in England)	49.9	Investment Management
Heronbridge Limited (incorporated in England)	49.9	Partner in Heronbridge Investment Management LLP
Nippon Value Investors KK (incorporated in Japan)	49.9	Investment Management
Highclere Investment Management Limited (incorporated in England)	49.9	Partner in Highclere International Investors LLP
Edgbaston Investment Partners Limited (incorporated in England)	49.9	Investment Management
Kiltearn Limited (incorporated in Scotland)	49.9	Partner in Kiltearn Partners LLP
Silchester International Investors LLP (incorporated in England)	99.5	Investment Management

11 Debtors

	31 March 2011 £	30 April 2010 £
Debtors comprise		
Trade debtors	131,870	8,756,045
Prepayments and accrued income	113,249	608,979
Amount due from Partnership	896,127	-
Amount due from subsidiary undertaking	-	273,202
Deferred tax asset (note 13)	1,212,094	-
Other debtors	-	37,443
	<u>2,353,340</u>	<u>9,675,669</u>

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

12 Creditors

Amounts due within one year

31 March	30 April
2011	2010
£	£
Trade creditors	- 261,528
Taxation	4,407,227 4,925,663
Other taxes and social security costs	- 790,441
Amount payable to subsidiary undertaking	- 188,680
Other accruals and deferred income	198,046 5,113,949
4,605,273	11,280,261

13 Deferred Tax

The deferred tax balance is made up as follows

31 March	30 April
2011	2010
£	£
Depreciation in excess of capital allowances	- (35,599)
Undistributed dividends to be paid by subsidiary undertaking	(1,212,094) 153,939
(1,212,094)	118,340

The movement in deferred tax can be reconciled as follows

31 March	30 April
2011	2010
£	£
Provision at start of year	118,340 -
Deferred tax (credit) / charge in profit and loss	(1,330,434) 118,340
(1,212,094)	118,340

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

14 Capital and reserves

The authorised share capital of the Company is as follows

	31 March 2011 £	30 April 2010 £
Ordinary Shares of £1 00 each	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>

An analysis of the movement in share capital and reserves follows

	* Share Capital £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 May 2010	2,230,014	109,474	2,754,251	771,000	14,498,810	20,363,549
Profit for financial year	-	-	-	-	22,561,594	22,561,594
Revaluation	-	-	1,262,242	-	-	1,262,242
Transfer	-	-	(2,393,548)	-	2,393,548	-
Dividends	-	-	-	-	-	-
At 31 March 2011	<u>2,230,014</u>	<u>109,474</u>	<u>1,622,945</u>	<u>771,000</u>	<u>39,453,952</u>	<u>44,187,385</u>

* Called and paid up

15 Financial commitments

The commitment in respect of non-cancellable operating leases for London land and buildings is with SII Limited but the liability falls to the Partnership under the terms of the Operational Services Agreement

	31 March 2011 £	30 April 2010 £
<u>Date of lease termination</u>		
Within one year	-	-
Within two to five years	608,439	564,129
After five years	-	-
	<u>608,439</u>	<u>564,129</u>

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

16 Reconciliation of operating profit to operating cash flows

	31 March 2011 £	30 April 2010 £
Operating profit	23,764,328	23,928,076
Depreciation	14,833	27,640
Loss on disposal of SII Inc	514,860	-
Net decrease in debtors	8,717,928	2,905,775
Net decrease in creditors	(5,967,873)	(3,162,005)
Net cash inflow from operating activities	<u>27,044,076</u>	<u>23,699,486</u>

17 Analysis of changes in net funds

	At 1 May 2010 £	Cash Flow £	At 31 March 2011 £
Cash in hand, at bank	<u>4,436,578</u>	<u>(2,613,906)</u>	<u>1,822,672</u>

18 Related party transactions

Silchester International Investors LLP

On 1 November 2010, SII Limited transferred its regulated investment management business to the Partnership, became a partner in the Partnership and entered into the Limited Liability Partnership Agreement ("LLP Agreement") with the working partners. At the same time, two material contracts were executed.

Service Agreement

Under the terms of an Operational Service Agreement (the "Service Agreement"), the Partnership agreed to provide certain administration, trade settlement, financial accounting, regulatory reporting, compliance, legal, tax, company secretary and other operational support services to SII Limited and various associated firms. In exchange, SII Limited has agreed to pay the Partnership a fee equal to approximately 1% of the Partnership's income profits plus certain other on charged costs and expenses. For the period ended 31 March 2011, this fee was £212,228.

Trademark Agreement

"Silchester International Investors" is a registered trademark of SII Limited. In return for a sole non-transferable licence to use this trademark and intellectual property, the Partnership pays SII Limited a fee equal to 1% of its income profits. For the period ended 31 March 2011, this fee was £414,703.

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

18 Related party transactions (continued)

Capital and Profits Interests, Ownership

SII Limited has contributed in excess of 99.5% of the Partnership's capital, and 100% of the Partnership's regulatory capital. Under the terms of the LLP Agreement, 100% of all of the Partnership's capital profits accrue to SII Limited and 32.5% to the Partnership's income profits accrue to SII Limited.

Colchester Global Investors Limited ("CGIL")

SII Limited is a 49.9% shareholder in CGIL.

Currency Research Agreement

Under a Currency Research Agreement dated 16 November 2007, CGIL agreed to make certain of CGIL's research on currency and economic measures available to SII Limited on a monthly basis. This agreement was terminated on 1 November 2010. For the period to 31 March 2011, SII Limited paid and accrued £15,000 (2010: £20,000).

Heronbridge Limited ("HB") and Heronbridge Investment Management LLP ("HB LLP")

SII Limited is a 49.9% shareholder in HB.

On 1 November 2005, a Shareholders Agreement was signed between SII Limited and HB, and a Limited Liability Partnership Agreement was signed between HB and other partners to form HB LLP. The Shareholders Agreement and Partnership Agreement outlined a number of payment obligations of SII Limited. The Shareholders Agreement and Research Agreement were both amended effective 21 April 2009.

Research Agreement

HB LLP agreed to make available their equity research in UK companies to SII Limited on an annual basis until a total of £2,295,000 of research was acquired. For the period to 31 March 2011, SII Limited paid or accrued for payment to HB LLP £261,875 (2009: £525,330). The research agreement terminated on 1 November 2010.

Nippon Value Investors KK ("NVI")

SII Limited is a 49.9% shareholder in NVI.

On 14 March 2006, a Shareholders Agreement was signed between SII Limited and NVI. The Shareholders Agreement outlined a number of payment obligations of SII Limited under the terms of various other agreements.

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

18 Related party transactions (continued)

Sub-advisory Agreement

On 1 March 2009, SII Limited and NVI signed an amended and restated Sub-advisory Agreement. Under the terms of this amended Sub-advisory Agreement, NVI agreed to act as the sub-advisor to the Silchester International Investors Japanese Equity Trust (the "US Japan Fund"), the Silchester International Investors (Jersey) Japanese Equity Trust (the "Offshore Japan Fund") and future commingled funds and/or separate accounts invested exclusively in Japanese equities. SII Limited agreed to pay NVI \$1.2 million per annum until 31st December 2010 as a condition for NVI acting as the subadvisor. In addition, SII Limited agreed to pay NVI 50% of the fees earned by SII Limited from the US Japan Fund and any US separate accounts, less any direct costs incurred by SII Limited. SII Limited retained 50% of the gross fees from the US Japan Fund and any US separate accounts. SII Limited has also agreed to pay NVI 50% of the net fees earned by SII Limited from the Offshore Japan Fund and offshore separate accounts. In the event the revenues from offshore accounts were insufficient to offset the costs of operating these offshore accounts, any deficit was offset against SII Limited's share of revenues from the US accounts. For the period to 31 March 2011, SII Limited paid and accrued £2,478,469 to NVI under the terms of the Sub-advisory Agreement (2010 £1,728,010) and NVI reimbursed SII Limited for £101,821 of costs (2010 £122,339). The sub advisory agreement terminated as of 31 October 2010.

Research Agreement

NVI agreed to make available their equity research in between six and twelve Japanese companies to SII Limited on an annual basis until 30 April 2011 at a price approximately equal to \$15,000 per research report. NVI retained the right to periodically suspend the provision of research to SII Limited. For the period to 31 March 2011, SII Limited paid \$nil to NVI (2010 \$nil). The Research Agreement terminated as of 31 October 2010.

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

18 Related party transactions (continued)

Edgbaston Investment Partners Limited ("EIP")

SII Limited is a 49.9% shareholder in EIP

On 14 August 2008, a Shareholders Agreement was signed between SII Limited and EIP. The Shareholders Agreement outlined a number of payment obligations of SII Limited. The Shareholders Agreement and Research Agreement were both amended effective 1 April 2010.

Service Agreement

As an integral part of the Shareholders Agreement, SII Limited agreed to provide operational and other support services to 30 April 2013 as set out in the Service Agreement. No direct payments are due from EIP to SII Limited for the services rendered under this agreement, although EIP is responsible for its own direct custody, fund administration, legal, tax, audit, technology/software licensing and other costs. EIP is required to provide notice of termination of the services agreement immediately upon its assets under management exceeding US\$350 million as of the close of any calendar quarter provided, however, that the Service Agreement shall not terminate prior to 30 April 2011. The Partnership has provided the various services to EIP since 1 November 2010.

Research Agreement

EIP agreed to make available their equity research on quoted Asian companies to SII Limited until 30 April 2013. For the period to 31 March 2011, SII Limited paid or accrued £1,489,065 to EIP (2010: £269,926). The Research Agreement terminated on 1 November 2010.

Payment Undertaking

SII Limited agreed to pay EIP an amount of £330,556 in lieu of investment management fees on an annual basis until 30 April 2013. For the period to 30 April 2010, SII Limited paid or accrued £nil to EIP (2010: £248,294). The payment undertaking was terminated effective 1 April 2010 when the Shareholders Agreement was amended. No further payments are due.

Kiltearn Limited

On 1 November 2010, SII Limited signed a Letter of Understanding to form Kiltearn Limited, pursuant to which Kiltearn Limited will participate in Kiltearn Partners LLP's investment management business. It is intended that a Shareholders Agreement will be signed between SII Limited and Kiltearn Limited on or around 1 July 2011.

Silchester Partners Limited

Notes to the Accounts

At 31 March 2011

18 Related party transactions (continued)

Directorships

For the period to 31 March 2011, £330,000 (2010 £450,000) was paid or accrued to executive directors for directors services. The highest paid director received £120,000 (2010 £180,000). In addition, the directors received £14,666,578 (2010 £27,697,067) in respect of services provided with respect to SII Limited's investment management activities.

SC Butt, a director of SII Limited, is also a director of Colchester Global Investors Limited and a partner and member of the Supervisory Group of the Partnership.

MJJ Cowan, a director of SII Limited, is also a director of Colchester Global Investors Limited and a partner and member of the Supervisory Group of the Partnership.

CB Cowie, a director of SII Limited, is also a director of Silchester International Investors, Inc. and Nippon Value Investors KK and a member of the Supervisory Group of the Partnership.

19 Controlling shareholder

Stephen Butt is the chairman and controlling shareholder of SII Limited.