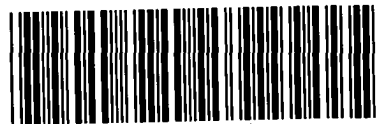


**SILCHESTER INTERNATIONAL INVESTORS LLP**

**MEMBERS' REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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**Silchester International Investors LLP**  
**Members' Report and Financial Statements**  
**31 March 2017**

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## Silchester International Investors LLP

### Members' Report

The Supervisory Group present the Members' Report for Silchester International Investors LLP (the "Partnership") for the year ended 31 March 2017. The Partnership is authorised and regulated by the UK Financial Conduct Authority (the "FCA"). Unless otherwise noted, references to "2017" in headers are to the twelve months ended 31 March 2017 and "2016" to the twelve months ended 31 March 2016. The Partnership has determined that GBP is its functional currency, as this is the currency of the economic environment in which the Partnership predominantly operates. All figures are shown in GBP unless otherwise stated.

### Results and Members' profit allocation

Consolidated profits for the year before drawings amounted to £174,837,006 (2016: £143,239,087).

### Activity, business review and future developments

The Group's principal activity is to provide investment management services. The Partnership conducts its activities from its headquarters in London with marketing and client relations assistance provided by its wholly-owned subsidiary in the USA. There are no plans which will significantly change the activities of the Group. The Group's key financial and performance indicators during the year were as follows:

	2017	2016
Assets under Management (£'m)	30,360	23,557
Investment management fees	197,976,307	169,295,627
Profit before drawings	174,837,006	143,239,087

### Members' capital

Any profits are shared among the Members as decided by the Supervisory Group, subject to the provisions of the Partnership's Limited Liability Partnership Agreement (the "LLP Agreement"). Policies for Members' drawings, subscriptions and repayment of Members' capital are governed by the LLP Agreement.

### Supervisory Group

The Members of the Supervisory Group during the period were S C Butt, M J J Cowan, T J Linehan and C B Cowie. The designated Members were S C Butt, M J J Cowan and T J Linehan. On 30 June 2016 Silchester Partners Limited ("SP Ltd") resigned as a designated Member and on 1 July 2016 Silchester Capital Limited ("SCL") was appointed as a designated member. C B Cowie resigned as a Member of the Supervisory Group effective 31 March 2017. Details of the other Members can be obtained from the Partnership's registered office, Time & Life Building, 1 Bruton Street, London, W1J 6TL.

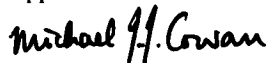
### Pillar III disclosure

The Partnership has documented the disclosures required by the FCA under BIPRU 11.3. These are available from the Partnership's registered office on request or on its website at [www.silchester.com](http://www.silchester.com).

### Insurance

The Partnership maintains professional indemnity and crime insurance cover at a level the Supervisory Group believes is appropriate for the business.

Approved on behalf of the Members:



M J J Cowan  
Senior Partner  
22 May 2017



T J Linehan  
Senior Partner

## **Silchester International Investors LLP**

### **Statement of Members' Responsibilities**

The Supervisory Group are responsible for preparing the Members' Report and financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 require the Members to prepare financial statements each year. Under those Regulations, the Supervisory Group have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Regulations, the Supervisory Group must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and the Group and of the profit or loss of the Group for that period. In preparing the accounts, the Supervisory Group 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 accounts on a going concern basis unless it is inappropriate to presume that the Partnership and the Group will continue in business.

The Supervisory Group are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and the Group and to enable them to ensure that the accounts comply with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Supervisory Group are also responsible for safeguarding the assets of the Partnership and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report to the Members of Silchester International Investors LLP**

We have audited the financial statements of the Partnership for the year ended 31 March 2017 which are set out on pages 4 to 21. 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 limited liability partnership's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Members and auditor**

As explained more fully in the Members' Responsibilities Statement set out on page 2, the Supervisory Group 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 Boards (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 the group's and the parent limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated Members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' Report 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 misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

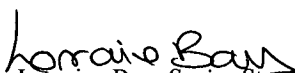
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent limited liability partnership's affairs as at 31 March 2017 and of the group's 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

### **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 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Lorraine Bay, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street, London EC1A 4AB

23 May 2017

**Silchester International Investors LLP**

**Consolidated Profit and Loss Account and Statement of Comprehensive Income**

	Note	2017	2016
<b>Income</b>			
Investment management fees	2c, 4	197,976,307	169,295,627
Income from Operational Services Agreement		1,837,842	1,679,874
		<u>199,814,149</u>	<u>170,975,501</u>
<b>Expenses</b>			
Payments under Trademark Licensing Agreement		(1,850,120)	(1,458,584)
Administrative expenses		(27,943,691)	(25,420,262)
		<u>(29,793,811)</u>	<u>(26,878,846)</u>
<b>Operating profit</b>	5	170,020,338	144,096,655
Bank interest		24,962	87,270
Realised gain / (loss) on investments		10,508	(1,648)
Unrealised gain / (loss) on investments		4,713,647	(684,345)
Foreign exchange gain		205,474	-
Dividend income		<u>494,515</u>	<u>369,379</u>
<b>Profit on ordinary activities before taxation and Members' remuneration charged as an expense</b>		175,469,444	143,867,311
Taxation	8	(632,438)	(628,224)
		<u>174,837,006</u>	<u>143,239,087</u>
Members' income (profit)/loss charged as an expense		(60,128,902)	(50,873,835)
Members' current year capital (profit)/loss charged as an expense		(103,021)	173,223
		<u>(60,231,923)</u>	<u>(49,700,612)</u>
<b>Profit and total comprehensive income</b>		<u><u>114,605,083</u></u>	<u><u>92,538,475</u></u>

All amounts are in respect of continuing operations.

*The accounting policies and notes on pages 12 - 21 are an integral part of these accounts.*

**Silchester International Investors LLP**

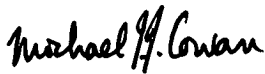
**Registration No. OC355490**

**Consolidated Balance Sheet**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>Investments</b>	<b>10</b>	21,221,409	16,568,846
<b>Tangible Fixed Assets</b>	<b>11</b>	-	-
		<u>21,221,409</u>	<u>16,568,846</u>
<b>Current assets</b>			
Debtors	<b>12</b>	24,292,543	20,986,767
Cash		<u>49,500,754</u>	<u>38,310,906</u>
		73,793,297	59,297,673
<b>Creditors: amounts falling due within one year</b>	<b>13</b>	<u>(8,540,543)</u>	<u>(7,190,688)</u>
<b>Net current assets</b>		<u>65,252,754</u>	<u>52,106,985</u>
<b>Total assets attributable to Members</b>		<u>86,474,163</u>	<u>68,675,831</u>
<b>Represented by:</b>			
<b>Loans and other debts due to Members within one year</b>			
Members' capital classified as a liability		897,500	867,500
<b>Members' other interests</b>			
Members' capital classified as equity		14,000,000	14,000,000
Revaluation reserve		6,212,402	1,498,755
Other reserves		<u>65,364,261</u>	<u>52,309,576</u>
		85,576,663	67,808,331
		<u>86,474,163</u>	<u>68,675,831</u>
<b>Memorandum of Members' total interests</b>			
Loans and other debts due to / (from) Members		(3,848,172)	(5,092,782)
Members' other interests		<u>86,474,163</u>	<u>68,675,831</u>
<b>Members' total interests</b>		<u>82,625,991</u>	<u>63,583,049</u>

The financial statements were approved by the Supervisory Group on 22 May 2017.  
For and on behalf of the Supervisory Group:

M J J Cowan



T J Linehan



*The accounting policies and notes on pages 12 - 21 are an integral part of these accounts.*

**Silchester International Investors LLP**

**Consolidated Statement of Changes in Equity**

<b>Group</b>	<b>Members' Capital (Classified as Equity)</b>	<b>Members' Capital (Classified as Debt)</b>	<b>Other Reserves</b>	<b>Revaluation reserve</b>	<b>Total Members' other interest</b>	<b>Loans and other debts</b>	<b>2016 Members' total interests</b>
Amounts due to Members						-	
Amounts due from Members						(4,230,997)	
At 1 April 2015	14,000,000	845,000	51,705,312	2,183,100	68,733,412	(4,230,997)	64,502,415
Capital Contribution	-	22,500	-	-	22,500	-	22,500
Members' Remuneration	-	-	-	-	-	50,700,612	50,700,612
Profit and total comprehensive income available for discretionary division among Members	-	-	92,538,475	-	92,538,475	-	92,538,475
Allocations	-	-	(92,618,556)	-	(92,618,556)	92,618,556	-
Drawings	-	-	-	-	-	(144,098,778)	(144,098,778)
Revaluation	-	-	684,345	(684,345)	-	-	-
Other transactions with Members	-	-	-	-	-	(82,175)	(82,175)
At 31 March 2016	14,000,000	867,500	52,309,576	1,498,755	68,675,831	(5,092,782)	63,583,049
Amounts due to Members						-	
Amounts due from Members						(5,092,782)	

The amounts due to Members would rank pari passu with other creditors in the event of a winding up of the LLP

*The accounting policies and notes on pages 12 - 21 are an integral part of these accounts.*

Silchester International Investors LLP

Consolidated Statement of Changes in Equity (Continued)

Group	Members' Capital (Classified as Equity)	Members' Capital (Classified as Debt)	Other Reserves	Revaluation reserve	Total Members' other interest	Loans and other debts	2017 Members' total interests
Amounts due to Members						-	
Amounts due from Members						(5,092,782)	
At 1 April 2016	14,000,000	867,500	52,309,576	1,498,755	68,675,831	(5,092,782)	63,583,049
Capital Contribution	-	30,000	-	-	30,000	-	30,000
Members' Remuneration	-	-	-	-	-	60,231,923	60,231,923
Profit and total comprehensive income available for discretionary division among Members	-	-	114,605,083	-	114,605,083	-	114,605,083
Allocations	-	-	(96,836,751)	-	(96,836,751)	96,836,751	-
Drawings	-	-	-	-	-	(156,644,828)	(156,644,828)
Revaluation	-	-	(4,713,647)	4,713,647	-	-	-
Other transactions with Members	-	-	-	-	-	820,764	820,764
At 31 March 2017	14,000,000	897,500	65,364,261	6,212,402	86,474,163	(3,848,172)	82,625,991
Amounts due to Members						412,137	
Amounts due from Members						(4,260,309)	

The amounts due to Members would rank pari passu with other creditors in the event of a winding up of the LLP

The accounting policies and notes on pages 12 - 21 are an integral part of these accounts.

**Silchester International Investors LLP**

**Partnership Statement of Changes in Equity**

<b>Partnership</b>	<b>Members' Capital (Classified as Equity)</b>	<b>Members' Capital (Classified as Debt)</b>	<b>Other Reserves</b>	<b>Revaluation reserve</b>	<b>Total Members' other interest</b>	<b>Loans and other debts</b>	<b>2016 Members' total interests</b>
Amounts due to Members						-	
Amounts due from Members						(4,246,966)	
At 1 April 2015	14,000,000	845,000	51,705,312	2,096,208	68,646,520	(4,246,966)	64,399,554
Capital Contribution	-	22,500	-	-	22,500	-	22,500
Members Remuneration	-	-	-	-	-	50,653,378	50,653,378
Profit and total comprehensive income available for discretionary division among Members	-	-	92,539,968	-	92,539,968	-	92,539,968
Allocations	-	-	(92,618,556)	-	(92,618,556)	92,618,556	-
Drawings	-	-	-	-	-	(144,098,778)	(144,098,778)
Revaluation	-	-	682,850	(682,850)	-	-	-
Other transactions with Members	-	-	-	-	-	(31,731)	(31,731)
At 31 March 2016	14,000,000	867,500	52,309,574	1,413,358	68,590,432	(5,105,541)	63,484,891
Amounts due to Members						-	
Amounts due from Members						(5,105,541)	

The amounts due to Members would rank pari passu with other creditors in the event of a winding up of the LLP

*The accounting policies and notes on pages 12 - 21 are an integral part of these accounts.*

**Silchester International Investors LLP**

**Partnership Statement of Changes in Equity (Continued)**

<b>Partnership</b>	<b>Members' Capital (Classified as Equity)</b>	<b>Members' Capital (Classified as Debt)</b>	<b>Other Reserves</b>	<b>Revaluation reserve</b>	<b>Total Members' other interest</b>	<b>Loans and other debts</b>	<b>2017 Members' total interests</b>
Amounts due to Members						-	
Amounts due from Members						(5,105,541)	
At 1 April 2016	14,000,000	867,500	52,309,574	1,413,358	68,590,432	(5,105,541)	63,484,891
Capital Contribution	-	30,000	-	-	30,000	-	30,000
Members Remuneration	-	-	-	-	-	60,840,714	60,840,714
Profit and total comprehensive income available for discretionary division among Members	-	-	114,571,387	-	114,571,387	-	114,571,387
Allocations	-	-	(96,836,750)	-	(96,836,750)	96,836,750	-
Drawings	-	-	-	-	-	(156,644,828)	(156,644,828)
Revaluation	-	-	(4,679,950)	4,679,950	-	-	-
Other transactions with Members	-	-	-	-	-	37,192	37,192
At 31 March 2017	14,000,000	897,500	65,364,261	6,093,308	86,355,069	(4,035,713)	82,319,356
Amounts due to Members						224,596	
Amounts due from Members						(4,260,309)	

The amounts due to Members would rank pari passu with other creditors in the event of a winding up of the LLP

*The accounting policies and notes on pages 12 - 21 are an integral part of these accounts.*

**Silchester International Investors LLP**

**Consolidated Cash Flow Statement**

	Note	2017	2016
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	167,875,814	143,742,104
Foreign exchange (gain)		(205,474)	-
Income tax paid		(455,487)	(565,703)
<b>Net cash generated from operating activities</b>		<u>167,214,853</u>	<u>143,176,401</u>
<b>Cash flows from investing activities</b>			
Proceeds of disposal of investments		72,316	-
Investment in funds		(723)	(440,699)
Interest received		23,715	125,406
Dividend income from securities		494,515	369,379
<b>Net cash generated in investing activities</b>		<u>589,823</u>	<u>54,086</u>
<b>Cash flows from financing activities</b>			
Members' capital contributed		30,000	22,500
Transactions with Members		(156,644,828)	(144,098,778)
<b>Net cash used in financing activities</b>		<u>(156,614,828)</u>	<u>(144,076,278)</u>
 Net increase/(decrease) in cash and cash equivalents		 <u>11,189,848</u>	 <u>(845,791)</u>
 Cash and cash equivalents at the start of the year		 <u>38,310,906</u>	 <u>39,156,697</u>
 Cash and cash equivalents at the end of the year	 14	 <u><u>49,500,754</u></u>	 <u><u>38,310,906</u></u>

*The accounting policies and notes on pages 12 - 21 are an integral part of these accounts.*

**Silchester International Investors LLP**


**Registration No. OC355490**

**Partnership Balance Sheet**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>Investments</b>	<b>10</b>	21,040,122	16,359,849
<b>Tangible Fixed Assets</b>	<b>11</b>	-	-
		<u>21,040,122</u>	<u>16,359,849</u>
<b>Current assets</b>			
Debtors	<b>12</b>	24,199,243	20,978,370
Cash and short-term deposits		45,038,561	33,937,696
		<u>69,237,804</u>	<u>54,916,066</u>
<b>Creditors: amounts falling due within one year</b>	<b>13</b>	<u>(3,922,857)</u>	<u>(2,685,483)</u>
<b>Net current assets</b>		<u>65,314,947</u>	<u>52,230,583</u>
<b>Total assets attributable to Members</b>		<u><u>86,355,069</u></u>	<u><u>68,590,432</u></u>
<b>Represented by:</b>			
<b>Loans and other debts due to Members within one year</b>			
Members' capital classified as a liability		897,500	867,500
<b>Members' other interests</b>			
Members' capital classified as equity		14,000,000	14,000,000
Revaluation reserve		6,093,308	1,413,358
Other reserves		65,364,261	52,309,574
		<u>85,457,569</u>	<u>67,722,932</u>
		<u><u>86,355,069</u></u>	<u><u>68,590,432</u></u>
<b>Memorandum of Members' total interests</b>			
Loans and other debts to Members		(4,035,713)	(5,105,541)
Members' other interests		<u>86,355,069</u>	<u>68,590,432</u>
<b>Members' total interests</b>		<u><u>82,319,356</u></u>	<u><u>63,484,891</u></u>

The financial statements were approved by the Supervisory Group on 22 May 2017  
For and on behalf of the Supervisory Group:

M J J Cowan 

T J Linehan 

*The accounting policies and notes on pages 12 – 21 are an integral part of these accounts.*

## Silchester International Investors LLP

### Financial Statements

#### Notes

##### 1. General information

The Partnership is a United Kingdom limited liability partnership that is incorporated and domiciled in England. The address of its registered office is Time & Life Building, 1 Bruton Street, 5th Floor, London, W1J 6TL.

##### 2. Summary of Significant Accounting Policies

###### a Basis of preparation

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards ("United Kingdom Generally Accepted Accounting Practice") including Financial Reporting Standard 102 ("FRS 102") as issued by the Financial Reporting Council and the Statement of Recommended Practice: Accounting by Limited Liability Partnerships (issued 26 January 2017).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Partnership. Use of available information and application of judgements are inherent in the formation of estimates. Actual outcomes could differ from such estimates.

###### b Consolidated accounts

The consolidated accounts include the accounts of the Partnership and its wholly owned subsidiary Silchester International Investors, Inc., incorporated in the US (collectively, the "Group"). All material intercompany transactions and balances have been eliminated in the Group accounts. No profit and loss account is presented for Silchester International Investors LLP (the parent entity) as permitted by Section 408 of the Companies Act as applied to Limited Liability Partnerships.

###### c Turnover

Management fees are derived from operations principally from clients domiciled outside the United Kingdom and are accrued as earned.

###### d Pensions

The Group operates defined contribution pension schemes for employees. Contributions are charged in the profit and loss account as they become payable.

###### e Tangible fixed assets

Tangible fixed assets are recorded at cost less accumulated depreciation. Tangible fixed assets are depreciated on a straight line basis over the estimated useful lives of the assets:

Computer Equipment	1 to 3 years
Office Equipment	1 to 5 years
Furniture and Equipment	3 years

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

## Silchester International Investors LLP

### Financial Statements

#### Notes (Continued)

#### 2. Summary of Significant Accounting Policies (continued)

##### f Financial assets and liabilities, including investments

Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price.

Publicly quoted prices are unavailable for the commingled funds. The fair value of investments in commingled funds is determined with reference to the net asset value of the Group's proportionate share of the applicable fund at the reporting date. The movement in fair value at each year end is recognised in profit or loss. Investments in subsidiaries are held at cost less any provision for impairment in value.

Trade debtors are amounts due from customers for services performed in the ordinary course of business. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. If not, they are presented as creditors falling due after one year. Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

##### g Leases

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

##### h Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments which are readily convertible, being those with original maturities of three months or less. Cash and cash equivalents are measured as the undiscounted amount of cash expected to be received, based on the relevant exchange rates at the reporting date.

##### i 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 GBP 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. The resulting differences are taken directly to Other Comprehensive Income.

##### j Taxation

Income tax expense represents the sum of the current tax incurred by Silchester International Investors, Inc. The Partnership is not, itself, subject to corporation tax in the UK. Although it could become subject to tax in various countries and/or U.S. States in which the underlying unitholders of its commingled funds are located, the Partnership does not believe that any such liabilities currently apply. As a result no provision has been made for taxation in respect of the Partnership. Each Member is currently individually liable for any tax liabilities arising out of their interest in the Partnership. Tax is currently assessed on the individual Members and not on the Partnership.

## Silchester International Investors LLP

### Financial Statements

#### Notes (Continued)

##### k Members' profit allocations

Discretionary and non-discretionary profit allocations are recognised when formally approved by the Supervisory Group. Under the terms of the LLP Agreement, 100% of all of the Partnership's capital profits accrue to the Partnership's regulatory capital provider SP Ltd" prior to 30 June 2016 and SCL after 1 July 2016), 32.5% of the Partnership's income profits accrue to the regulatory capital provider and 67.5% of the Partnership's income profits are allocated to the working partners and employees of the Partnership and its wholly owned subsidiary, Silchester International Investors, Inc. Broadly speaking, the term "capital profits or losses" means any profits or losses that arise from the disposal, or part disposal, of any business asset as well as any interest, dividend income or foreign exchange gain or loss on a business asset, or other capital gain or losses derived from capital howsoever employed on a net of tax basis. These percentages may be varied subject to the provisions of the LLP Agreement.

##### 3. **Financial Risk Management**

The Partnership is required by the FCA rules to maintain adequate capital for the type, size and the complexity of its business. The Partnership currently satisfies the capital requirements of the FCA, Alternative Investment Fund Manager's Directive and ERISA. Regulatory capital is invested in the Calleva Trust, a UCITS.

##### a Liquidity risk management

The Group manages liquidity risk by monitoring forecast cash flows. The Group has not made any significant guarantees of third party or related party actual or potential obligations. Trade receivables principally relate to accrued investment management fees.

##### b Credit risk management

Potential material areas of credit risk consist of cash, trade accounts receivable and investments in commingled funds and the balance of these accounts represents the Group's maximum credit risk. The Group manages credit risk with respect to cash by holding such assets at global financial institutions, therefore the credit risk on these balances is considered to be limited. Trade accounts receivable and investments in commingled funds are primarily due from funds managed by the Partnership and so the credit risk on these balances is considered to be limited.

##### c Market price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group and measured in the balance sheet at fair value through profit or loss. The potential impact is not material to the affairs of the Group and the Group has taken no steps to control market price risk.

##### d Foreign exchange risk

The Group is exposed to foreign exchange risk in respect of some investment management fees, cash at bank and investments. The potential impact is not material to the Group's affairs and it has taken no steps to control foreign exchange risk.

**Silchester International Investors LLP**

**Financial Statements**

**Notes (Continued)**

**4. Income**

A geographical breakdown of income from investment management fees is as follows:

	<b>2017</b>	<b>2016</b>
United States of America	180,757,399	154,938,515
Ireland	17,218,908	14,357,112
	<u>197,976,307</u>	<u>169,295,627</u>

**5. Operating profit**

	<b>2017</b>	<b>2016</b>
This is stated after charging/(crediting):		
Auditor's remuneration – audit	62,450	38,825
Auditor's remuneration – tax and non-audit services	202,938	140,271
Operating lease rentals - land and buildings	711,857	595,624
Exchange (gain)/loss	-	(72,028)

**6. Members' profit allocations**

The average number of Members during the period, calculated on a month by month basis, was eighteen (2016: eighteen) of which seventeen (2016: seventeen) were working partners.

	<b>2017</b>	<b>2016</b>
Income profit for the year before Members' remuneration and available for division among Members	170,020,338	144,096,655
Capital profit /(loss) from the current year payable to the Partnership's regulatory capital provider(s)	103,021	(173,223)
Income profits attributable to the Partnership's regulatory capital provider(s), the member(s) with the largest aggregate share of income profits reflecting the transfer between corporate member(s) during the year, as detailed in note 17	60,128,902	50,873,835
Income profit attributable to all other working Members including key management personnel	109,891,436	93,222,820

**7. Employee information**

	<b>2017</b>	<b>2016</b>
Employment costs comprise:		
Salaries and wages	12,336,837	10,780,368
Social security and other costs	349,570	434,939
Pension costs	256,773	199,820
	<u>12,943,180</u>	<u>11,415,127</u>

The average number of employees during the period, calculated on a month by month basis, was sixteen (2016: sixteen).

**Silchester International Investors LLP**

**Financial Statements**

**Notes (Continued)**

**8. Taxation**

	2017	2016
The Group tax charge is made up as follows:		
Foreign taxation	632,438	628,224
Total current tax charge for the year	<u>632,438</u>	<u>628,224</u>
Profit on ordinary activities before tax	175,469,444	143,867,311
Profit multiplied by tax rate of 20% (2016: 20%)	35,093,889	28,773,462
Effects of:		
Partnership profits taxable on Members	(35,093,889)	(28,773,462)
Higher rates of foreign tax	<u>632,438</u>	<u>628,224</u>
Current tax charge for the year	<u><u>632,438</u></u>	<u><u>628,224</u></u>

**9. Profit attributable to the Partnership**

The profit of Silchester International Investors LLP (the parent firm) included in the consolidated accounts was £114,571,387 (2016: £92,539,968).

**10. Investments**

Group	Investment in Funds & Equities	Investment in Subsidiary Undertakings	Total
<u>Cost</u>			
At 1 April 2016	15,070,103	-	15,070,103
Additions	723	-	723
Disposals	<u>(61,689)</u>	<u>-</u>	<u>(61,689)</u>
At 31 March 2017	<u><u>15,009,137</u></u>	<u><u>-</u></u>	<u><u>15,009,137</u></u>
<u>Carry Value</u>			
At 1 April 2016	16,568,846	-	16,568,846
Additions	723	-	723
Disposals	(61,807)	-	(61,807)
Change in the fair value of investments	<u>4,713,647</u>	<u>-</u>	<u>4,713,647</u>
At 31 March 2017	<u><u>21,221,409</u></u>	<u><u>-</u></u>	<u><u>21,221,409</u></u>

**Silchester International Investors LLP**

**Financial Statements**

**Notes (Continued)**

**10. Investments (continued)**

<b>Partnership</b>	<b>Investment in Funds &amp; Equities</b>	<b>Investment in Subsidiary Undertakings</b>	<b>Total</b>
<u>Cost</u>			
At 1 April 2016	14,946,491	13	14,946,504
Additions	323	-	323
Disposals	-	-	-
	<u>14,946,814</u>	<u>13</u>	<u>14,946,827</u>
At 31 March 2017			
<u>Carry Value</u>			
At 1 April 2016	16,359,836	13	16,359,849
Additions	323	-	323
Disposals	-	-	-
Change in the fair value of investments	4,679,950	-	4,679,950
	<u>21,040,109</u>	<u>13</u>	<u>21,040,122</u>
At 31 March 2017			

	<b>Group</b>		<b>Partnership</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Unlisted investments	<u>21,221,409</u>	<u>16,568,846</u>	<u>21,040,122</u>	<u>16,359,849</u>
	<u>21,221,409</u>	<u>16,568,846</u>	<u>21,040,122</u>	<u>16,359,849</u>

Subsidiary undertakings comprise:

<b>Name of Company</b>	<b>Class of Share</b>	<b>% of Class Held</b>	<b>Nature of Business</b>
Silchester International Investors, Inc. (incorporated in the United States of America)	Ordinary Shares	100% owned	Marketing and Client Relations

**Silchester International Investors LLP**

**Financial Statements**

**Notes (Continued)**

**11. Tangible Fixed Assets**

	<b>Furniture and Equipment</b>	<b>Total</b>
<b>Group</b>		
<u>Cost</u>		
At 1 April 2016	572,613	572,613
Disposals	(572,613)	(572,613)
At 31 March 2017	-	-
<u>Depreciation</u>		
At 1 April 2016	572,613	572,613
Disposals	(572,613)	(572,613)
At 31 March 2017	-	-
Net book value at 31 March 2017	-	-
Net book value at 1 April 2016	-	-
	<b>Furniture and Equipment</b>	<b>Total</b>
<b>Partnership</b>		
<u>Cost</u>		
At 1 April 2016	526,567	526,567
Disposals	(526,567)	(526,567)
At 31 March 2017	-	-
<u>Depreciation</u>		
At 1 April 2016	526,567	526,567
Disposals	(526,567)	(526,567)
At 31 March 2017	-	-
Net book value at 31 March 2017	-	-
Net book value at 1 April 2016	-	-

**Silchester International Investors LLP**

**Financial Statements**

**Notes (Continued)**

**12. Debtors**

Debtors comprise:

	<b>Group</b>		<b>Partnership</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Trade debtors	18,237,431	14,465,665	18,224,711	14,465,666
Amount due from SP Ltd	178,329	659,385	134,932	672,145
Prepayments and accrued income	1,093,819	1,223,617	1,080,955	1,223,617
Due from Members	4,260,309	4,433,397	4,260,309	4,433,397
Other debtors	522,655	204,703	498,336	183,545
	<u>24,292,543</u>	<u>20,986,767</u>	<u>24,199,243</u>	<u>20,978,370</u>

**13. Creditors**

Amounts due within one year:

	<b>Group</b>		<b>Partnership</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Trade creditors	275,962	1,362,274	275,637	1,318,745
Taxation	288,517	111,566	-	-
Other taxes and social security costs	8,480	33,721	8,341	33,721
Amount due to subsidiary undertakings	-	-	1,292,887	241,834
Amount due to SCL	412,137	-	224,596	-
Other accruals and deferred income	7,555,447	5,683,127	2,121,396	1,091,183
	<u>8,540,543</u>	<u>7,190,688</u>	<u>3,922,857</u>	<u>2,685,483</u>

**Silchester International Investors LLP**

**Financial Statements**

**Notes (Continued)**

**14. Reconciliation of operating profit to net cash inflow from operating activities**

	<b>2017</b>	<b>2016</b>
Operating profit	170,020,338	144,096,655
Net (increase)/ decrease in debtors	(2,906,538)	624,086
Net increase/ (decrease) in creditors	762,014	(906,609)
Foreign exchange movement	-	(72,028)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>167,875,814</u>	<u>143,742,104</u>

**Analysis of changes in net debt**

	<b>At 01-Apr-16</b>	<b>Cash Flow</b>	<b>At 31-Mar-17</b>
Cash at bank	<u>38,310,906</u>	<u>11,189,848</u>	<u>49,500,754</u>
Cash and short-term deposits	<u>38,310,906</u>	<u>11,189,848</u>	<u>49,500,754</u>

**15. Financial commitments**

The commitment is as follows:

<b>Land and buildings</b>	<b>Group</b>		<b>Partnership</b>	
<u>Future amounts payable by period</u>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Within one year	751,180	739,883	615,081	739,883
Within two to five years	2,460,324	2,604,315	2,460,324	2,604,315
Over five years	<u>1,845,243</u>	<u>2,485,908</u>	<u>1,845,243</u>	<u>2,485,908</u>
	<u>5,056,747</u>	<u>5,830,106</u>	<u>4,920,649</u>	<u>5,830,106</u>

<b>Other financial commitments</b>	<b>Group</b>		<b>Partnership</b>	
<u>Future amounts payable by period</u>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Within one year	499,341	362,761	499,341	362,761
Within two to five years	201,461	168,511	201,461	168,511
Over five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>700,802</u>	<u>531,272</u>	<u>700,802</u>	<u>531,272</u>

## **Silchester International Investors LLP**

### **Financial Statements**

#### **Notes (Continued)**

#### **16. Related party transactions**

##### **SP Ltd**

On 1 November 2010, SP Ltd, a partner in the Partnership, transferred its regulated investment management business to the Partnership and entered into the LLP Agreement with the working partners. At the same time, two material contracts were executed. These contracts remain in place.

##### *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 SP Ltd and its various associated firms. In exchange, SP Ltd 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 year ended 31 March 2017, this fee was £1,837,842 (for the year ended 31 March 2016: £1,679,874).

##### *Trademark Agreement*

"Silchester International Investors" is a registered trademark of SP Ltd. In return for a sole non-transferable licence to use this trademark and other intellectual property, the Partnership pays SP Ltd a fee equal to 1% of its income profits. For the year ended 31 March 2017, this fee was £1,850,120 (for the year ended 31 March 2016: £1,458,584).

#### **17. Capital and Profits Interests; Ownership**

SCL has contributed in excess of 90% of the Partnership's capital, and 100% of the Partnership's regulatory capital. Prior to 1 July 2016 and throughout the 2015 financial year, this capital and regulatory capital had been contributed by SP Ltd. The remaining capital has been contributed by seventeen (2015: fourteen) working Members. Seven (2015: seven) of these Members are legally considered to be Senior Partners and ten (2015: seven) are legally considered to be Partners. Under the terms of the LLP Agreement, the Senior Partners have the right to nominate individuals who will form part of the Partnership's governing body, the Supervisory Group. The appointment or removal of individuals to/from the Supervisory Group is determined by vote, with voting rights determined by capital ownership. Under the terms of the LLP Agreement a majority of the Supervisory Group must be working partners. On 1 July 2016, SP Ltd transferred all its economic interest in the Partnership to SCL in exchange for shares of SCL. SCL then assumed all of SP Ltd's rights and responsibilities under the terms of the LLP Agreement.