

SILCHESTER INTERNATIONAL INVESTORS LLP

**MEMBERS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2020



Silchester International Investors LLP
Members' Report and Financial Statements
31 March 2020

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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 2020. The Partnership is authorised and regulated by the UK Financial Conduct Authority (the "FCA"). Unless otherwise noted, references to "2020" in headers are to the twelve months ended 31 March 2020 and "2019" to the twelve months ended 31 March 2019. 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 £195,979,156 (2019: £198,028,918).

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:

	2020	2019
Assets under Management (£'m)	26,048	30,009
Investment management fees	219,779,456	218,812,822
Profit before drawings	195,979,156	198,028,918

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, and T J Linehan. The designated Members were S C Butt, M J J Cowan, T J Linehan and Silchester Continuation Limited ("SCL").

The Supervisory Group announced during the year that R Cheung would become a member of the Supervisory Group and S C Butt would retire from the Supervisory Group. These amendments are effective from 1 April 2020.

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.

Insurance

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

Silchester International Investors LLP

Members' Report (continued)

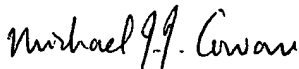
Streamlined Energy and Carbon Reporting

Energy and carbon information is not disclosed because the Group is a low energy user as defined in the Environment Reporting Guidelines.

Going Concern

The financial position of the Partnership, its liquidity position, and its cash flows are reflected on the Balance Sheet and Cash Flow Statement. The Members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Despite the market turmoil and economic uncertainty caused by the global Covid-19 pandemic the Members expect the Partnership to continue as a going concern for the foreseeable future. The Partnership has a long-term investment philosophy and its commingled funds have one investment programme which is a diversified portfolio of 125-150 publicly traded companies. No single investor holds a large enough investment in any of the commingled funds to pose a risk to it if they withdrew. The Partnership has low operating costs and does not utilise any leverage. The Partnership's disaster recovery and business continuity plans have enabled it to continue to operate effectively throughout this period of uncertainty. Thus, the Members continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved on behalf of the Members:



M J J Cowan
Senior Partner



T J Linehan
Senior Partner

Date: 18 MAY 2020

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 members of Silchester International Investors LLP

Opinion

We have audited the financial statements of Silchester International Investors LLP ("the Limited Liability Partnership") and its subsidiary (together "the Group") for the year ended 31 March 2020 which comprise the consolidated profit and loss account and statement of comprehensive income; the consolidated balance sheet; the consolidated statement of changes in equity; the Partnership statement of changes in equity; the consolidated cash flow statement; and the Partnership balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Limited Liability Partnership's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Supervisory Group's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and the Limited Liability Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

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, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Group's and the Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Group or the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 by Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. 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 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.



Lorraine Bay (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
EC1A 4AB

Date 19th May 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Silchester International Investors LLP

Consolidated Profit and Loss Account and Statement of Comprehensive Income

	Note	2020	2019
Income			
Investment management fees	2c, 4	219,779,456	218,812,822
Income from Operational Services Agreement		2,054,586	2,047,691
		<u>221,834,042</u>	<u>220,860,513</u>
Expenses			
Payments under Trademark Licensing Agreement		(2,054,586)	(2,047,691)
Administrative expenses		(22,014,554)	(20,755,578)
		<u>(24,069,140)</u>	<u>(22,803,269)</u>
Operating profit	5	197,764,902	198,057,244
Interest income		511,967	213,704
Realised gain on investments		6,418	9,004
Unrealised loss on investments		(3,129,348)	(717,568)
Foreign exchange (loss) / gain		(22,584)	86,860
Dividend income		<u>529,850</u>	<u>494,982</u>
Profit on ordinary activities before taxation and Members' remuneration charged as an expense		195,661,205	198,144,226
Taxation	8	317,951	(115,308)
		<u>195,979,156</u>	<u>198,028,918</u>
Members' income profit charged as an expense		(77,605,911)	(73,986,948)
Members' current year capital profit charged as an expense		(1,343,602)	(689,242)
		<u>(1,343,602)</u>	<u>(689,242)</u>
Profit and total comprehensive income		<u><u>117,029,643</u></u>	<u><u>123,352,728</u></u>

All amounts are in respect of continuing operations.

The accounting policies and notes on pages 15 - 23 are an integral part of these accounts.

Silchester International Investors LLP

Registration No. OC355490

Consolidated Balance Sheet

	Note	2020	2019
Investments	10	<u>17,546,115</u>	<u>20,668,927</u>
		17,546,115	20,668,927
Current assets			
Debtors	11	69,363,180	43,484,414
Cash		<u>4,516,766</u>	<u>31,921,715</u>
		73,879,946	75,406,129
Creditors: amounts falling due within one year	12	<u>(6,178,108)</u>	<u>(5,981,530)</u>
Net current assets		<u>67,701,838</u>	<u>69,424,599</u>
Total assets attributable to Members		<u><u>85,247,953</u></u>	<u><u>90,093,526</u></u>
Represented by:			
Loans and other debts due to Members within one year			
Members' capital classified as a liability		867,500	960,000
Members' other interests			
Members' capital classified as equity		14,000,000	14,000,000
Revaluation reserve		2,571,182	5,700,530
Other reserves		<u>67,809,271</u>	<u>69,432,996</u>
		<u>84,380,453</u>	<u>89,133,526</u>
		<u><u>85,247,953</u></u>	<u><u>90,093,526</u></u>
Memorandum of Members' total interests			
Loans and other debts due to Members		(4,274,523)	(4,665,222)
Members' other interests		<u>85,247,953</u>	<u>90,093,526</u>
Members' total interests		<u><u>80,973,430</u></u>	<u><u>85,428,304</u></u>

The profit of Silchester International Investors LLP (the parent firm) included in the consolidated accounts was £117,515,520 (2019: £123,352,738).

The financial statements were approved by the Supervisory Group on 18th MAY 2020
For and on behalf of the Supervisory Group:

M J J Cowan 

T J Linehan 

The accounting policies and notes on pages 15 - 23 are an integral part of these accounts

Silchester International Investors LLP
Consolidated Statement of Changes in Equity

Group	Members' Capital (Classified as Equity)	Members' Capital (Classified as Debt)	Other Reserves	Revaluation reserve	Total Members' other interest	Loans and other debts	2019 Members' total interests
Amounts due to Members						416,511	
Amounts due from Members						(4,691,802)	
At 1 April 2018	14,000,000	930,000	73,670,413	6,418,098	95,018,511	(4,275,291)	90,743,220
Capital Contribution	-	30,000	-	-	30,000	-	30,000
Members' Remuneration	-	-	-	-	-	74,676,190	74,676,190
Profit and total comprehensive income available for discretionary division among Members	-	-	123,352,728	-	123,352,728	-	123,352,728
Allocations	-	-	(128,307,713)	-	(128,307,713)	128,307,713	-
Drawings	-	-	-	-	-	(203,373,834)	(203,373,834)
Revaluation	-	-	717,568	(717,568)	-	-	-
Other transactions with Members	-	-	-	-	-	-	-
At 31 March 2019	14,000,000	960,000	69,432,996	5,700,530	90,093,526	(4,665,222)	85,428,304
Amounts due to Members						542,700	
Amounts due from Members						(5,207,922)	

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 15 - 23 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	2020 Members' total interests
Amounts due to Members						542,700	
Amounts due from Members						(5,207,922)	
At 1 April 2019	14,000,000	960,000	69,432,996	5,700,530	90,093,526	(4,665,222)	85,428,304
Capital Contribution	-	7,500	-	-	7,500	-	7,500
Capital Repayment	-	(100,000)	-	-	(100,000)	-	(100,000)
Members' Remuneration	-	-	-	-	-	78,949,513	78,949,513
Profit and total comprehensive income available for discretionary division among Members	-	-	117,029,643	-	117,029,643	-	117,029,643
Allocations	-	-	(121,782,716)	-	(121,782,716)	121,782,716	-
Drawings	-	-	-	-	-	(200,341,530)	(200,341,530)
Revaluation	-	-	3,129,348	(3,129,348)	-	-	-
Other transactions with Members	-	-	-	-	-	-	-
At 31 March 2020	14,000,000	867,500	67,809,271	2,571,182	85,247,953	(4,274,523)	80,973,430
Amounts due to Members						649,513	
Amounts due from Members						(4,924,036)	

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 15 - 23 are an integral part of these accounts.

Silchester International Investors LLP

Partnership Statement of Changes in Equity (Continued)

Partnership	Members' Capital (Classified as Equity)	Members' Capital (Classified as Debt)	Other Reserves	Revaluation reserve	Total Members' other interest	Loans and other debts	2019 Members' total interests
Amounts due to Members						349,266	
Amounts due from Members						(4,691,802)	
At 1 April 2018	14,000,000	930,000	73,670,413	6,418,098	95,018,511	(4,342,536)	90,675,975
Capital Contribution	-	30,000	-	-	30,000	-	30,000
Members Remuneration	-	-	-	-	-	74,763,691	74,763,691
Profit and total comprehensive income available for discretionary division among Members	-	-	123,352,728	-	123,352,728	-	123,352,728
Allocations	-	-	(128,307,713)	-	(128,307,713)	128,307,713	-
Drawings	-	-	-	-	-	(203,373,834)	(203,373,834)
Revaluation	-	-	717,568	(717,568)	-	-	-
Other transactions with Members	-	-	-	-	-	(360,920)	(360,920)
At 31 March 2019	14,000,000	960,000	69,432,996	5,700,530	90,093,526	5,005,886	85,087,640
Amounts due to Members						202,036	
Amounts due from Members						(5,207,922)	

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 15 - 23 are an integral part of these accounts.

Silchester International Investors LLP
Partnership Statement of Changes in Equity (Continued)

Partnership	Members' Capital (Classified as Equity)	Members' Capital (Classified as Debt)	Other Reserves	Revaluation reserve	Total Members' other interest	Loans and other debts	2020 Members' total interests
Amounts due to Members						202,036	
Amounts due from Members						(5,207,922)	
At 1 April 2019	14,000,000	960,000	69,432,996	5,700,530	90,093,526	(5,005,886)	85,087,640
Capital Contribution	-	7,500	-	-	7,500	-	7,500
Capital Repayment	-	(100,000)	-	-	(100,000)	-	(100,000)
Members Remuneration	-	-	-	-	-	78,653,534	78,653,534
Profit and total comprehensive income available for discretionary division among Members	-	-	117,029,643	-	117,029,643	-	117,029,643
Allocations	-	-	(121,782,716)	-	(121,782,716)	121,782,716	-
Drawings	-	-	-	-	-	(201,007,288)	(201,007,288)
Revaluation	-	-	3,128,905	(3,128,905)	-	-	-
Other transactions with Members	-	-	-	-	-	485,877	485,877
At 31 March 2020	14,000,000	867,500	67,808,828	2,571,625	85,247,953	(5,091,047)	80,156,906
Amounts due to Members						(167,011)	
Amounts due from Members						(4,924,036)	

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 15 - 23 are an integral part of these accounts.

Silchester International Investors LLP

Consolidated Cash Flow Statement

	Note	2020	2019
Cash flows from operating activities			
Cash generated from operations	13	172,093,448	179,580,517
Foreign exchange		(22,700)	86,835
Income tax paid		(83,483)	74,425
Net cash generated from operating activities		<u>171,987,265</u>	<u>179,741,777</u>
Cash flows from investing activities			
Proceeds of disposal of investments		6,418	9,004
Investment in funds		(6,419)	(10,920)
Interest received		511,967	213,704
Dividend income from securities		529,850	494,982
Net cash generated in investing activities		<u>1,041,816</u>	<u>706,770</u>
Cash flows from financing activities			
Members' capital contributed		7,500	30,000
Members' capital repaid		(100,000)	-
Transactions with Members		(200,341,530)	(203,373,834)
Net cash used in financing activities		<u>(200,434,030)</u>	<u>(203,343,834)</u>
 Net decrease in cash and cash equivalents		 <u>(27,404,949)</u>	 <u>(22,895,287)</u>
 Cash and cash equivalents at the start of the year		 <u>31,921,715</u>	 <u>54,817,002</u>
 Cash and cash equivalents at the end of the year	13	 <u><u>4,516,766</u></u>	 <u><u>31,921,715</u></u>

The accounting policies and notes on pages 15 - 23 are an integral part of these accounts.

Silchester International Investors LLP

Registration No. OC355490

Partnership Balance Sheet

	Note	2020	2019
Investments	10	<u>17,544,173</u>	<u>20,666,638</u>
		17,544,173	20,666,638
Current assets			
Debtors	11	69,188,869	43,448,642
Cash and short-term deposits		<u>2,161,870</u>	<u>29,564,031</u>
		71,350,739	73,012,673
Creditors: amounts falling due within one year	12	<u>(3,646,959)</u>	<u>(3,585,785)</u>
Net current assets		<u>67,703,780</u>	<u>69,426,888</u>
Total assets attributable to Members		<u>85,247,953</u>	<u>90,093,526</u>
Represented by:			
Loans and other debts due to Members within one year			
Members' capital classified as a liability		867,500	960,000
Members' other interests			
Members' capital classified as equity		14,000,000	14,000,000
Revaluation reserve		2,571,625	5,700,530
Other reserves		<u>67,808,828</u>	<u>69,432,996</u>
		84,380,453	89,133,526
		<u>85,247,953</u>	<u>90,093,526</u>
Memorandum of Members' total interests			
Loans and other debts to Members		(5,091,047)	(5,005,886)
Members' other interests		<u>85,247,953</u>	<u>90,093,526</u>
Members' total interests		<u>80,156,906</u>	<u>85,087,640</u>

The financial statements were approved by the Supervisory Group on 18th MAR 2020

For and on behalf of the Supervisory Group:

M J J Cowan

Michael J J Cowan

T J Linehan

T J Linehan

The accounting policies and notes on pages 15 - 23 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. Please refer to the notes in the financial statements for further information.

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. The Partnership could become subject to tax in various countries and/or U.S. States in which the underlying unitholders of its commingled funds are located, and any necessary provisions have been made under Administrative Expenses. In the UK, each Member is currently individually liable for any tax liabilities arising out of their interest in the Partnership. In other words, 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. Income profits are shared between the regulatory capital provider and 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 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.

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Notes (Continued)

4. Income

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

	2020	2019
United States of America	197,921,256	196,790,577
Ireland	21,858,200	22,022,245
	<u>219,779,456</u>	<u>218,812,822</u>

5. Operating profit

	2020	2019
This is stated after charging/(crediting):		
Auditor's remuneration – audit	65,625	58,800
Auditor's remuneration – tax and non-audit services	152,630	170,855
Operating lease rentals - land and buildings	864,068	707,705

6. Members' profit allocations

The average number of Members during the year, calculated on a month by month basis, was seventeen (2019: eighteen) of which seventeen (2019: eighteen) were working partners.

	2020	2019
Income profit for the year before Members' remuneration and available for division among Members	197,764,902	198,057,244
Capital profit from the current year payable to the Partnership's regulatory capital provider	1,343,602	689,242
Income profits attributable to the Partnership's regulatory capital provider, the member with the largest aggregate share of income profits	77,605,911	73,986,948
Income profit attributable to all other working Members including key management personnel	117,029,643	123,352,728

7. Employee information

	2020	2019
Employment costs comprise:		
Salaries and wages	5,694,745	4,950,443
Social security and other costs	274,717	264,048
Pension costs	136,274	147,035
	<u>6,105,736</u>	<u>5,361,526</u>

The average number of employees during the period, calculated on a month by month basis, was seven (2019: eleven).

Silchester International Investors LLP

Financial Statements

Notes (Continued)

8. Taxation

	2020	2019
The Group tax charge is made up as follows:		
Foreign taxation	(317,951)	115,308
Total current tax charge for the year	<u>(317,951)</u>	<u>115,308</u>
Profit on ordinary activities before tax	195,661,205	198,144,226
Profit multiplied by tax rate of 19% (2019 - 19%)	37,175,629	37,647,403
Effects of:		
Partnership profits taxable on Members	(37,175,629)	(37,647,403)
Tax adjustment in relation to prior years	(442,509)	-
Higher rates of foreign tax	<u>124,558</u>	<u>115,308</u>
Current tax charge for the year	<u><u>(317,951)</u></u>	<u><u>115,308</u></u>

9. Profit attributable to the Partnership

The profit of Silchester International Investors LLP (the parent firm) included in the consolidated accounts was £117,515,520 (2019: £123,352,728).

10. Investments

Group	Investment in Funds & Equities	Investment in Subsidiary Undertakings	Total
<u>Cost</u>			
At 1 April 2019	14,968,410	-	14,968,410
Additions	6,440	-	6,440
Foreign Exchange	117	-	117
Disposals	<u>(32)</u>	<u>-</u>	<u>(32)</u>
At 31 March 2020	<u><u>14,974,935</u></u>	<u><u>-</u></u>	<u><u>14,974,935</u></u>
<u>Carry Value</u>			
At 1 April 2019	20,668,927	-	20,668,927
Additions	6,440	-	6,440
Foreign Exchange	117	-	117
Disposals	(21)	-	(21)
Change in the fair value of investments	<u>(3,129,348)</u>	<u>-</u>	<u>(3,129,348)</u>
At 31 March 2020	<u><u>17,546,115</u></u>	<u><u>-</u></u>	<u><u>17,546,115</u></u>

Silchester International Investors LLP

Financial Statements

Notes (Continued)

10. Investments (continued)

Partnership	Investment in Funds & Equities	Investment in Subsidiary Undertakings	Total
<u>Cost</u>			
At 1 April 2019	14,966,108	13	14,966,121
Additions	6,440	-	6,440
Disposals	-	-	-
	<u>14,972,548</u>	<u>13</u>	<u>14,972,561</u>
At 31 March 2020			
<u>Carry Value</u>			
At 1 April 2019	20,666,625	13	20,666,638
Additions	6,440	-	6,440
Disposals	-	-	-
Change in the fair value of investments	(3,128,905)	-	(3,128,905)
	<u>17,544,160</u>	<u>13</u>	<u>17,544,173</u>
At 31 March 2020			

	Group		Partnership	
	2020	2019	2020	2019
Unlisted investments	<u>17,546,115</u>	<u>20,668,927</u>	<u>17,544,173</u>	<u>20,666,638</u>
	<u>17,546,115</u>	<u>20,668,927</u>	<u>17,544,173</u>	<u>20,666,638</u>

Subsidiary undertakings comprise:

Name of Company	Class of Share	Nominal Value	% of Class Held	Nature of Business
Silchester International Investors, Inc. (incorporated in the United States of America)	Ordinary Shares	\$20	100% owned	Marketing and Client Relations
Registered Office Address 780 Third Avenue, 42 Floor New York, New York 10017				

Silchester International Investors LLP

Financial Statements

Notes (Continued)

11. Debtors

Debtors comprise:

	Group		Partnership	
	2020	2019	2020	2019
Trade debtors	15,927,009	17,923,596	15,927,009	17,923,596
Amount due from SPL	45,761,505	18,080,616	45,761,505	18,080,616
Prepayments and accrued income	2,347,649	1,909,141	2,197,863	1,896,706
Due from Members	4,924,036	5,207,922	4,924,036	5,207,923
Other debtors	402,981	363,139	378,456	339,801
	<u>69,363,180</u>	<u>43,484,414</u>	<u>69,188,869</u>	<u>43,448,642</u>

12. Creditors

Amounts due within one year:

	Group		Partnership	
	2020	2019	2020	2019
Trade creditors	1,009,394	952,595	934,259	938,574
Taxation	(37,712)	363,722	20,203	(40,695)
Other taxes and social security costs	30,463	14,962	21,793	14,962
Amount due to SPL	-	108,796	-	152,193
Amount due to subsidiary undertakings	-	-	820,115	242,517
Amount due to SCL	649,513	542,700	(167,011)	202,036
Other accruals and deferred income	4,526,450	3,998,755	2,017,600	2,076,198
	<u>6,178,108</u>	<u>5,981,530</u>	<u>3,646,959</u>	<u>3,585,785</u>

Silchester International Investors LLP

Financial Statements

Notes (Continued)

13. Reconciliation of operating profit to net cash inflow from operating activities

	2020	2019
Operating profit	197,764,902	198,057,244
Net increase in debtors	(26,271,449)	(18,431,887)
Net (decrease) in creditors	599,995	(44,840)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>172,093,448</u>	<u>179,580,517</u>

Analysis of changes in net debt

	At 01-Apr-19	Cash Flow	At 31-Mar-20
Cash at bank	31,921,715	(27,404,949)	4,516,766
	<hr/>	<hr/>	<hr/>
Cash and short-term deposits	31,921,715	(27,404,949)	4,516,766
	<hr/>	<hr/>	<hr/>

14. Financial commitments

The commitment is as follows:

Land and buildings	Group		Partnership	
<u>Future amounts payable by period</u>	2020	2019	2020	2019
Within one year	867,107	776,143	701,439	615,081
Within two to five years	3,357,443	3,104,573	2,675,046	2,460,324
Over five years	587,878	1,364,403	18,063	712,904
	<hr/>	<hr/>	<hr/>	<hr/>
	4,812,428	5,245,119	3,394,548	3,788,309
	<hr/>	<hr/>	<hr/>	<hr/>
 Other financial commitments	 Group		 Partnership	
<u>Future amounts payable by period</u>	2020	2019	2020	2019
Within one year	1,751,005	1,033,096	1,751,005	1,033,096
Within two to five years	1,964,918	2,129,063	1,964,918	2,129,063
Over five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,715,923	3,162,159	3,715,923	3,162,159
	<hr/>	<hr/>	<hr/>	<hr/>

Silchester International Investors LLP

Financial Statements

Notes (Continued)

15. 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 2020, this fee was £2,054,586 (for the year ended 31 March 2019: £2,047,691).

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 2020, this fee was £2,054,586 (for the year ended 31 March 2019: £2,047,691).

During the period, the Partnership advanced £73,000,000 (2019: £24,500,000) to SPL and received £462,669 (2019: £110,044) of interest. SPL repaid the Partnership £45,781,780 (2019: £6,529,428) of which £281,781 related to interest. At 31 March 2020, the balance of the loan was £45,500,000 (2019: £18,000,000) and the interest due on the loan was £261,505 (2019: £80,616).

16. 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. 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.