SILCHESTER INTERNATIONAL INVESTORS LLP

MEMBERS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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Silchester International Investors LLP

Members' Report and Financial Statements

31 March 2018

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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 2018. The Partnership is authorised and regulated by the UK Financial Conduct Authority (the "FCA"). Unless otherwise noted, references to "2018" in headers are to the twelve months ended 31 March 2018 and "2017" to the twelve months ended 31 March 2017. 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 £202,570,701 (2017: £174,837,006).

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:

	2018	2017
Assets under Management (£'m)	30,701	30,360
Investment management fees	222,053,912	197,976,307
Profit before drawings	202,570,701	174,837,006

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 Capital Limited ("SCL"). 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 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 2018

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

Opinion

We have audited the financial statements of Silchester International Investors LLP (the 'Partnership') and its subsidiaries (the "Group") for the year ended 31 March 2018 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 FRS 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 Partnership's affairs as at 31 March 2018 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, as applied to limited liability partnerships.

This report is made solely to the 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 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 Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 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 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in 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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Supervisory Group are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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 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, or returns adequate for our audit have not been received from branches not visited by us (if any); 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 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 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 Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Lorraine Bay, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Date 23 May 2018

Silchester International Investors LLP

Consolidated Profit and Loss Account and Statement of Comprehensive Income

	Note	2018	2017
Income			
Investment management fees	2c, 4	222,053,912	197,976,307
Income from Operational Services Agreement		2,080,927	1,837,842
		224,134,839	199,814,149
Expenses			
Payments under Trademark Licensing Agreement		(2,080,927)	(1,850,120)
Administrative expenses		(20,229,611)	(27,943,691)
		(22,310,538)	(29,793,811)
Operating profit	5	201,824,301	170,020,338
Bank interest		27,042	24,962
Realised gain / (loss) on investments		150,229	10,508
Unrealised gain / (loss) on investments		205,696	4,713,647
Foreign exchange gain		28,864	205,474
Dividend income		498,409	494,515
Profit on ordinary activities before taxation and Members' remuneration charged as an expense		202,734,541	175,469,444
Taxation	8	(163,840)	(632,438)
		202,570,701	174,837,006
Members' income (profit)/loss charged as an expense		(73,365,490)	(60,128,902)
Members' current year capital (profit)/loss charged as an expense		(540,704)	(103,021)
Profit and total comprehensive income		128,664,507	114,605,083

All amounts are in respect of continuing operations.

The accounting policies and notes on pages 13 - 21 are an integral part of these accounts.

Silchester International Investors LLP

Registration No. OC355490

Consolidated Balance Sheet

	Note	2018	2017
Investments	10	21,375,550	21,221,409
		21,375,550	21,221,409
Current assets			
Debtors	11	24,536,407	24,292,543
Cash		54,817,002	49,500,754
		79,353,409	73,793,297
Creditors: amounts falling due within one year	12	(5,710,448)	(8,540,543)
Net current assets		73,642,961	65,252,754
Total assets attributable to Members		95,018,511	86,474,163
Represented by:			
Loans and other debts due to Members within one year			
Members' capital classified as a liability		930,000	897,500
Members' other interests			
Members' capital classified as equity		14,000,000	14,000,000
Revaluation reserve		6,418,098	6,212,402
Other reserves		73,670,413	65,364,261
		94,088,511	85,576,663
		95,018,511	86,474,163
Memorandum of Members' total interests			
Loans and other debts due to / (from) Members		(4,275,291)	(3,848,172)
Members' other interests		95,018,511	86,474,163
Members' total interests		90,743,220	82,625,991

The profit of Silchester International Investors LLP (the parent firm) included in the consolidated accounts was £128,783,598 (2017: £114,571,387).

The financial statements were approved by the Supervisory Group on 22 May 2018.
For and on behalf of the Supervisory Group:

M J J Cowan

T J Linehan

The accounting policies and notes on pages 13 - 21 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	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 13 - 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	2018 Members' total interests
Amounts due to Members						412,137	
Amounts due from Members						(4,260,309)	
At 1 April 2017	14,000,000	897,500	65,364,261	6,212,402	86,474,163	(3,848,172)	82,625,991
Capital Contribution	-	32,500	-	-	32,500	-	32,500
Members' Remuneration	-	-	-	-	-	73,906,194	73,906,194
Profit and total comprehensive income available for discretionary division among Members		-	128,664,507	-	128,664,507	-	128,664,507
Allocations	-	-	(120,152,659)	-	(120,152,659)	120,152,659	-
Drawings	-	-	-	-	-	(194,415,764)	(194,415,764)
Revaluation	-	-	(205,696)	205,696	-	-	-
Other transactions with Members	-	-	-	-	-	(70,208)	(70,208)
At 31 March 2018	14,000,000	930,000	73,670,413	6,418,098	95,018,511	(4,275,291)	90,743,220
Amounts due to Members						416,511	
Amounts due from Members						(4,691,802)	

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 13 - 21 are an integral part of these accounts.

Silchester International Investors LLP

Partnership Statement of Changes in Equity

Partnership	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						(5,105,541)	
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 13 - 21 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	2018 Members' total interests
Amounts due to Members						224,596	
Amounts due from Members						(4,260,309)	
At 1 April 2017	14,000,000	897,500	65,364,261	6,093,308	86,355,069	(4,035,713)	82,319,356
Capital Contribution	-	32,500	-	-	32,500	-	32,500
Members Remuneration	-	-	-	-	-	73,933,801	73,933,801
Profit and total comprehensive income available for discretionary division among Members	-	-	128,783,598	-	128,783,598	-	128,783,598
Allocations	-	-	(120,152,656)	-	(120,152,656)	120,152,656	-
Drawings	-	-	-	-	-	(194,415,764)	(194,415,764)
Revaluation	-	-	(324,790)	324,790	-	-	-
Other transactions with Members	-	-	-	-	-	22,484	22,484
At 31 March 2018	14,000,000	930,000	73,670,413	6,418,098	95,018,511	(4,342,536)	90,675,975
Amounts due to Members						349,266	
Amounts due from Members						(4,691,802)	

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 13 - 21 are an integral part of these accounts.

Silchester International Investors LLP

Consolidated Cash Flow Statement

	Note	2018	2017
Cash flows from operating activities			
Cash generated from operations	13	199,300,842	167,875,814
Foreign exchange (gain)		(28,864)	(205,474)
Income tax paid		(278,368)	(455,487)
Net cash generated from operating activities		198,993,610	167,214,853
Cash flows from investing activities			
Proceeds of disposal of investments		190,746	72,316
Investment in funds		(10,295)	(723)
Interest received		27,042	23,715
Dividend income from securities		498,409	494,515
Net cash generated in investing activities		705,902	589,823
Cash flows from financing activities			
Members' capital contributed		32,500	30,000
Transactions with Members		(194,415,764)	(156,644,828)
Net cash used in financing activities		(194,383,264)	(156,614,828)
Net increase/(decrease) in cash and cash equivalents		5,316,248	11,189,848
Cash and cash equivalents at the start of the year		49,500,754	38,310,906
Cash and cash equivalents at the end of the year	13	54,817,002	49,500,754

The accounting policies and notes on pages 13 - 21 are an integral part of these accounts.

Silchester International Investors LLP

Registration No. OC355490

Partnership Balance Sheet

	Note	2018	2017
Investments	**10**	21,375,207	21,040,122
		21,375,207	21,040,122
Current assets			
Debtors	**11**	24,572,495	24,199,243
Cash and short-term deposits		53,260,738	45,038,561
		77,833,233	69,237,804
Creditors: amounts falling due within one year	**12**	(4,189,928)	(3,922,857)
Net current assets		73,643,305	65,314,947
Total assets attributable to Members		95,018,512	86,355,069
Represented by:			
Loans and other debts due to Members within one year			
Members' capital classified as a liability		930,000	897,500
Members' other interests			
Members' capital classified as equity		14,000,000	14,000,000
Revaluation reserve		6,418,098	6,093,308
Other reserves		73,670,413	65,364,261
		94,088,511	85,457,569
		95,018,511	86,355,069
Memorandum of Members' total interests			
Loans and other debts to Members		(4,342,536)	(4,035,713)
Members' other interests		95,018,511	86,355,069
Members' total interests		90,675,975	82,319,356

The financial statements were approved by the Supervisory Group on 22 May 2018

For and on behalf of the Supervisory Group:

M J J Cowan

T J Linehan

The accounting policies and notes on pages 13 – 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.

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.

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.

4. Income

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

	2018	2017
United States of America	201,497,743	180,757,399
Ireland	20,556,169	17,218,908
	222,053,912	197,976,307

5. Operating profit

	2018	2017
This is stated after charging/(crediting):		
Auditor's remuneration – audit	75,150	62,450
Auditor's remuneration – tax and non-audit services	179,095	202,938
Operating lease rentals - land and buildings	711,857	711,857

6. Members' profit allocations

The average number of Members during the period, calculated on a month by month basis, was eighteen (2017: seventeen) of which seventeen (2017: sixteen) were working partners.

	2018	2017
Income profit for the year before Members' remuneration and available for division among Members	201,824,301	170,020,338
Capital profit /(loss) from the current year payable to the Partnership's regulatory capital provider	540,704	103,021
Income profits attributable to the Partnership's regulatory capital provider, the member with the largest aggregate share of income profits	73,365,490	60,128,902
Income profit attributable to all other working Members including key management personnel	128,458,811	109,891,436

7. Employee information

	2018	2017
Employment costs comprise:		
Salaries and wages	3,988,083	12,336,837
Social security and other costs	306,996	349,570
Pension costs	234,767	256,773
	4,529,846	12,943,180

The average number of employees during the period, calculated on a month by month basis, was twelve (2017: sixteen).

8. Taxation

	2018	2017
The Group tax charge is made up as follows:		
Foreign taxation	163,840	632,438
Total current tax charge for the year	163,840	632,438
Profit on ordinary activities before tax	202,734,541	175,469,444
Profit multiplied by tax rate of 19% (2017: 20%)	38,519,563	35,093,889
Effects of:		
Partnership profits taxable on Members	(38,519,563)	(35,093,889)
Higher rates of foreign tax	163,840	632,438
Current tax charge for the year	163,840	632,438

9. Profit attributable to the Partnership

The profit of Silchester International Investors LLP (the parent firm) included in the consolidated accounts was £128,783,598 (2017: £114,571,387).

10. Investments

Group	Investment in Funds & Equities	Investment in Subsidiary Undertakings	Total
Cost			
At 1 April 2017	15,009,137	-	15,009,137
Additions	10,295	-	10,295
Disposals	(61,968)	-	(61,968)
At 31 March 2018	14,957,464	-	14,957,464
Carry Value			
At 1 April 2017	21,221,409	-	21,221,409
Additions	10,295	-	10,295
Disposals	(180,944)	-	(180,944)
Change in the fair value of investments	324,790	-	324,790
At 31 March 2018	21,375,550	-	21,375,550

10. **Investments (continued)**

Partnership	Investment in Funds & Equities	Investment in Subsidiary Undertakings	Total
Cost			
At 1 April 2017	14,946,814	13	14,946,827
Additions	10,295	-	10,295
Disposals	-	-	-
At 31 March 2018	14,957,109	13	14,957,122
Carry Value			
At 1 April 2017	21,040,109	13	21,040,122
Additions	10,295	-	10,295
Disposals	-	-	-
Change in the fair value of investments	324,790	-	324,790
At 31 March 2018	21,375,194	13	21,375,207

	Group		Partnership	
	2018	2017	2018	2017
Unlisted investments	21,375,550	21,221,409	21,375,207	21,040,122
	21,375,550	21,221,409	21,375,207	21,040,122

Subsidiary undertakings comprise:

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

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Notes (Continued)

11. Debtors

Debtors comprise:	Group		Partnership	
	2018	2017	2018	2017
Trade debtors	18,122,324	18,237,431	18,122,324	18,224,711
Amount due from SP Ltd	8,853	178,329	8,853	134,932
Prepayments and accrued income	1,028,302	1,093,819	1,016,700	1,080,955
Due from Members	4,691,802	4,260,309	4,691,802	4,260,309
Other debtors	685,126	522,655	732,816	498,336
	24,536,407	24,292,543	24,572,495	24,199,243

12. Creditors

Amounts due within one year:

	Group		Partnership	
	2018	2017	2018	2017
Trade creditors	1,104,092	275,962	1,080,990	275,637
Taxation	173,989	288,517	(31,060)	-
Other taxes and social security costs	33,351	8,480	33,351	8,341
Amount due to SP Ltd	108,796	-	152,193	-
Amount due to subsidiary undertakings	-	-	622,095	1,292,887
Amount due to SCL	416,511	412,137	349,266	224,596
Other accruals and deferred income	3,873,709	7,555,447	1,983,093	2,121,396
	5,710,448	8,540,543	4,189,928	3,922,857

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

	2018	2017
Operating profit	201,824,301	170,020,338
Net (increase)/ decrease in debtors	305,278	(2,906,538)
Net increase/ (decrease) in creditors	(2,828,737)	762,014
Net cash inflow from operating activities	199,300,842	167,875,814

Analysis of changes in net debt

	At 01-Apr-17	Cash Flow	At 31-Mar-18
Cash at bank	49,500,754	5,316,248	54,817,002
Cash and short-term deposits	49,500,754	5,316,248	54,817,002

14. **Financial commitments**

The commitment is as follows:

Land and buildings	Group		Partnership	
Future amounts payable by period	2018	2017	2018	2017
Within one year	755,383	751,180	615,081	615,081
Within two to five years	3,046,842	2,460,324	2,460,324	2,460,324
Over five years	1,999,966	1,845,243	1,230,162	1,845,243
	5,802,191	5,056,747	4,305,567	4,920,649

Other financial commitments	Group		Partnership	
Future amounts payable by period	2018	2017	2018	2017
Within one year	556,949	499,341	556,949	499,341
Within two to five years	1,671,962	201,461	1,671,962	201,461
Over five years	-	-	-	-
	2,228,911	700,802	2,228,911	700,802

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 2018, this fee was £2,080,927 (for the year ended 31 March 2017: £1,837,842).

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 2018, this fee was £2,080,927 (for the year ended 31 March 2017: 1,850,120).

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.