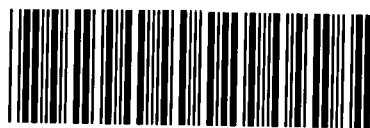


SILCHESTER INTERNATIONAL INVESTORS LLP

**MEMBERS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2019

WEDNESDAY



L86I4Y2Z

LD5

29/05/2019

#82

COMPANIES HOUSE

Silchester International Investors LLP
Members' Report and Financial Statements
31 March 2019

Index

Members' Report	1
Statement of Members' Responsibilities	2
Report of the Auditors	3 - 5
Consolidated Profit and Loss Account and Statement of Comprehensive Income	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Equity	8 - 9
Partnership Statement of Changes in Equity	10 - 11
Consolidated Cash Flow Statement	12
Partnership Balance Sheet	13
Notes to the Financial Statements	14 - 22

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 2019. The Partnership is authorised and regulated by the UK Financial Conduct Authority (the "FCA"). Unless otherwise noted, references to "2019" in headers are to the twelve months ended 31 March 2019 and "2018" to the twelve months ended 31 March 2018. 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 £198,028,918 (2018: £202,570,701).

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:

	2019	2018
Assets under Management (£'m)	30,009	30,701
Investment management fees	218,812,822	222,053,912
Profit before drawings	198,028,918	202,570,701

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, which was renamed Silchester Continuation Limited ("SCL") on 10 April 2019. Details of the other Members can be obtained from the Partnership's registered office, Time & Life Building, 1 Bruton Street, London, W1J 6TL.

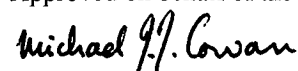
Pillar III disclosure


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.

Approved on behalf of the Members:


M J J Cowan
Senior Partner


T J Linehan
Senior Partner

Date: 21 May 2019

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 2019 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 2019 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

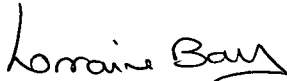
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 22 May 2019

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	2019	2018
Income			
Investment management fees	2c, 4	218,812,822	222,053,912
Income from Operational Services Agreement		2,047,691	2,080,927
		<u>220,860,513</u>	<u>224,134,839</u>
Expenses			
Payments under Trademark Licensing Agreement		(2,047,691)	(2,080,927)
Administrative expenses		(20,755,578)	(20,229,611)
		<u>(22,803,269)</u>	<u>(22,310,538)</u>
Operating profit	5	198,057,244	201,824,301
Interest income		213,704	27,042
Realised gain on investments		9,004	150,229
Unrealised (loss) / gain on investments		(717,568)	205,696
Foreign exchange gain		86,860	28,864
Dividend income		494,982	498,409
		<u>198,144,226</u>	<u>202,734,541</u>
Profit on ordinary activities before taxation and Members' remuneration charged as an expense			
		198,144,226	202,734,541
Taxation	8	(115,308)	(163,840)
		<u>198,028,918</u>	<u>202,570,701</u>
Members' income (profit)/loss charged as an expense		(73,986,948)	(73,365,490)
Members' current year capital (profit)/loss charged as an expense		(689,242)	(540,704)
		<u>(689,242)</u>	<u>(540,704)</u>
Profit and total comprehensive income		<u>123,352,728</u>	<u>128,664,507</u>

All amounts are in respect of continuing operations.

The accounting policies and notes on pages 14 - 22 are an integral part of these accounts.

Silchester International Investors LLP

Registration No. OC355490

Consolidated Balance Sheet

	Note	2019	2018
Investments	10	<u>20,668,927</u>	<u>21,375,550</u>
		20,668,927	21,375,550
Current assets			
Debtors	11	43,484,414	24,536,407
Cash		<u>31,921,715</u>	<u>54,817,002</u>
		75,406,129	79,353,409
Creditors: amounts falling due within one year	12	<u>(5,981,530)</u>	<u>(5,710,448)</u>
Net current assets		<u>69,424,599</u>	<u>73,642,961</u>
Total assets attributable to Members		<u><u>90,093,526</u></u>	<u><u>95,018,511</u></u>
Represented by:			
Loans and other debts due to Members within one year			
Members' capital classified as a liability		960,000	930,000
Members' other interests			
Members' capital classified as equity		14,000,000	14,000,000
Revaluation reserve		5,700,530	6,418,098
Other reserves		<u>69,432,996</u>	<u>73,670,413</u>
		89,133,526	94,088,511
		<u><u>90,093,526</u></u>	<u><u>95,018,511</u></u>
Memorandum of Members' total interests			
Loans and other debts due to / (from) Members		(4,665,222)	(4,275,291)
Members' other interests		<u>90,093,526</u>	<u>95,018,511</u>
Members' total interests		<u><u>85,428,304</u></u>	<u><u>90,743,220</u></u>

The profit of Silchester International Investors LLP (the parent firm) included in the consolidated accounts was £123,352,728 (2018: £128,783,598).

The financial statements were approved by the Supervisory Group on 21 May 2019.
For and on behalf of the Supervisory Group:

M J J Cowan

Michael J.J. Cowan

T J Linehan

Timothy Linehan

The accounting policies and notes on pages 14 - 22 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	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 14 - 22 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	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 14 - 22 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 14 - 22 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 14 - 22 are an integral part of these accounts.

Silchester International Investors LLP

Consolidated Cash Flow Statement

	Note	2019	2018
Cash flows from operating activities			
Cash generated from operations	13	179,580,517	199,300,842
Foreign exchange		86,835	(28,864)
Income tax paid		74,425	(278,368)
Net cash generated from operating activities		<u>179,741,777</u>	<u>198,993,610</u>
Cash flows from investing activities			
Proceeds of disposal of investments		9,004	190,746
Investment in funds		(10,920)	(10,295)
Interest received		213,704	27,042
Dividend income from securities		494,982	498,409
Net cash generated in investing activities		<u>706,770</u>	<u>705,902</u>
Cash flows from financing activities			
Members' capital contributed		30,000	32,500
Transactions with Members		(203,373,834)	(194,415,764)
Net cash used in financing activities		<u>(203,343,834)</u>	<u>(194,383,264)</u>
 Net (decrease) / increase in cash and cash equivalents		 <u>(22,895,287)</u>	 <u>5,316,248</u>
 Cash and cash equivalents at the start of the year		 <u>54,817,002</u>	 <u>49,500,754</u>
 Cash and cash equivalents at the end of the year	13	 <u><u>31,921,715</u></u>	 <u><u>54,817,002</u></u>

The accounting policies and notes on pages 14 - 22 are an integral part of these accounts.

Silchester International Investors LLP

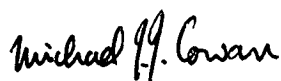
Registration No. OC355490

Partnership Balance Sheet

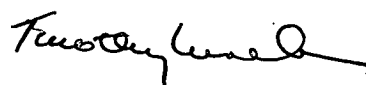
	Note	2019	2018
Investments	10	20,666,638	21,375,207
		<u>20,666,638</u>	<u>21,375,207</u>
Current assets			
Debtors	11	43,448,642	24,572,495
Cash and short-term deposits		29,564,031	53,260,738
		<u>73,012,673</u>	<u>77,833,233</u>
Creditors: amounts falling due within one year	12	<u>(3,585,785)</u>	<u>(4,189,928)</u>
Net current assets		<u>69,426,888</u>	<u>73,643,305</u>
Total assets attributable to Members		<u><u>90,093,526</u></u>	<u><u>95,018,512</u></u>
Represented by:			
Loans and other debts due to Members within one year			
Members' capital classified as a liability		960,000	930,000
Members' other interests			
Members' capital classified as equity		14,000,000	14,000,000
Revaluation reserve		5,700,530	6,418,098
Other reserves		69,432,996	73,670,413
		<u>89,133,526</u>	<u>94,088,511</u>
		<u><u>90,093,526</u></u>	<u><u>95,018,511</u></u>
Memorandum of Members' total interests			
Loans and other debts to Members		(5,005,886)	(4,342,536)
Members' other interests		<u>90,093,526</u>	<u>95,018,511</u>
Members' total interests		<u><u>85,087,640</u></u>	<u><u>90,675,975</u></u>

The financial statements were approved by the Supervisory Group on 21 May 2019.

For and on behalf of the Supervisory Group:



M J J Cowan



T J Linehan

The accounting policies and notes on pages 14 – 22 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.

Silchester International Investors LLP

Financial Statements

Notes (Continued)

4. Income

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

	2019	2018
United States of America	196,790,577	201,497,743
Ireland	22,022,245	20,556,169
	<u>218,812,822</u>	<u>222,053,912</u>

5. Operating profit

	2019	2018
This is stated after charging/(crediting):		
Auditor's remuneration – audit	58,800	75,150
Auditor's remuneration – tax and non-audit services	170,855	179,095
Operating lease rentals - land and buildings	707,705	711,857

6. Members' profit allocations

The average number of Members during the period, calculated on a month by month basis, was eighteen (2018: eighteen) of which eighteen (2018: seventeen) were working partners.

	2019	2018
Income profit for the year before Members' remuneration and available for division among Members	198,057,244	201,824,301
Capital profit /(loss) from the current year payable to the Partnership's regulatory capital provider	689,242	540,704
Income profits attributable to the Partnership's regulatory capital provider, the member with the largest aggregate share of income profits	73,986,948	73,365,490
Income profit attributable to all other working Members including key management personnel	123,352,728	128,458,811

7. Employee information

	2019	2018
Employment costs comprise:		
Salaries and wages	4,950,443	3,988,083
Social security and other costs	264,048	306,996
Pension costs	147,035	234,767
	<u>5,361,526</u>	<u>4,529,846</u>

The average number of employees during the period, calculated on a month by month basis, was eleven (2018: twelve).

Silchester International Investors LLP

Financial Statements

Notes (Continued)

8. Taxation

	2019	2018
The Group tax charge is made up as follows:		
Foreign taxation	115,308	163,840
Total current tax charge for the year	<u>115,308</u>	<u>163,840</u>
Profit on ordinary activities before tax	198,144,226	202,734,541
Profit multiplied by tax rate of 19%	37,647,403	38,519,563
Effects of:		
Partnership profits taxable on Members	(37,647,403)	(38,519,563)
Higher rates of foreign tax	<u>115,308</u>	<u>163,840</u>
Current tax charge for the year	<u><u>115,308</u></u>	<u><u>163,840</u></u>

9. Profit attributable to the Partnership

The profit of Silchester International Investors LLP (the parent firm) included in the consolidated accounts was £123,352,728 (2018: £128,783,598).

10. Investments

Group	Investment in Funds & Equities	Investment in Subsidiary Undertakings	Total
<u>Cost</u>			
At 1 April 2018	14,957,464	-	14,957,464
Additions	11,301	-	11,301
Disposals	<u>(355)</u>	<u>-</u>	<u>(355)</u>
At 31 March 2019	<u><u>14,968,410</u></u>	<u><u>-</u></u>	<u><u>14,968,410</u></u>
<u>Carry Value</u>			
At 1 April 2018	21,375,550	-	21,375,550
Additions	11,301	-	11,301
Foreign Exchange	25	-	25
Disposals	(381)	-	(381)
Change in the fair value of investments	<u>(717,568)</u>	<u>-</u>	<u>(717,568)</u>
At 31 March 2019	<u><u>20,668,927</u></u>	<u><u>-</u></u>	<u><u>20,668,927</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 2018	14,957,109	13	14,957,122
Additions	8,999	-	8,999
Disposals	-	-	-
At 31 March 2019	<u>14,966,108</u>	<u>13</u>	<u>14,966,121</u>
<u>Carry Value</u>			
At 1 April 2018	21,375,194	13	21,375,207
Additions	8,999	-	8,999
Disposals	-	-	-
Change in the fair value of investments	<u>(717,568)</u>	<u>-</u>	<u>(717,568)</u>
At 31 March 2019	<u>20,666,625</u>	<u>13</u>	<u>20,666,638</u>

	Group		Partnership	
	2019	2018	2019	2018
Unlisted investments	<u>20,668,927</u>	<u>21,375,550</u>	<u>20,666,638</u>	<u>21,375,207</u>
	<u>20,668,927</u>	<u>21,375,550</u>	<u>20,666,638</u>	<u>21,375,207</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	
	2019	2018	2019	2018
Trade debtors	17,923,596	18,122,324	17,923,596	18,122,324
Amount due from SPL	18,080,616	8,853	18,080,616	8,853
Prepayments and accrued income	1,909,141	1,028,302	1,896,706	1,016,700
Due from Members	5,207,922	4,691,802	5,207,923	4,691,802
Other debtors	363,139	685,126	339,801	732,816
	<u>43,484,414</u>	<u>24,536,407</u>	<u>43,448,642</u>	<u>24,572,495</u>

12. Creditors

Amounts due within one year:

	Group		Partnership	
	2019	2018	2019	2018
Trade creditors	952,595	1,104,092	938,574	1,080,990
Taxation	363,722	173,989	(40,695)	(31,060)
Other taxes and social security costs	14,962	33,351	14,962	33,351
Amount due to SPL	108,796	108,796	152,193	152,193
Amount due to subsidiary undertakings	-	-	242,517	622,095
Amount due to SCL	542,700	416,511	202,036	349,266
Other accruals and deferred income	3,998,755	3,873,709	2,076,198	1,983,093
	<u>5,981,530</u>	<u>5,710,448</u>	<u>3,585,785</u>	<u>4,189,928</u>

Silchester International Investors LLP

Financial Statements

Notes (Continued)

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

	2019	2018
Operating profit	198,057,244	201,824,301
Net (increase)/ decrease in debtors	(18,431,887)	305,278
Net (decrease) in creditors	<u>(44,840)</u>	<u>(2,828,737)</u>
Net cash inflow from operating activities	<u><u>179,580,517</u></u>	<u><u>199,300,842</u></u>

Analysis of changes in net debt

	At 01-Apr-18	Cash Flow	At 31-Mar-19
Cash at bank	<u>54,817,002</u>	<u>(22,895,287)</u>	<u>31,921,715</u>
Cash and short-term deposits	<u><u>54,817,002</u></u>	<u><u>(22,895,287)</u></u>	<u><u>31,921,715</u></u>

14. Financial commitments

The commitment is as follows:

Land and buildings	Group		Partnership	
<u>Future amounts payable by period</u>	2019	2018	2019	2018
Within one year	776,143	755,383	615,081	615,081
Within two to five years	3,104,573	3,046,842	2,460,324	2,460,324
Over five years	<u>1,364,403</u>	<u>1,999,966</u>	<u>712,904</u>	<u>1,230,162</u>
	<u><u>5,245,119</u></u>	<u><u>5,802,191</u></u>	<u><u>3,788,309</u></u>	<u><u>4,305,567</u></u>

Other financial commitments	Group		Partnership	
<u>Future amounts payable by period</u>	2019	2018	2019	2018
Within one year	1,033,096	556,949	1,033,096	556,949
Within two to five years	2,129,063	1,671,962	2,129,063	1,671,962
Over five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>3,162,159</u></u>	<u><u>2,228,911</u></u>	<u><u>3,162,159</u></u>	<u><u>2,228,911</u></u>

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 2019, this fee was £2,047,691 (for the year ended 31 March 2018: £2,080,927).

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 2019, this fee was £2,047,691 (for the year ended 31 March 2018: £2,080,927).

During the period, the Partnership advanced £24,500,000 (2018: £Nil) to SPL and received £110,044 (2018: £Nil) of interest. SPL repaid the Partnership £6,529,428 (2018: £Nil) of which £29,428 related to interest. At 31 March 2019, the balance of the loan was £18,000,000 (2018: £Nil) and the interest due on the loan was £80,616 (2018: £Nil). The Partnership is owed £94,049 by SPL which is offset against the loan balance. As at 31 March 2019, the balance of the loan was £17,986,567 to the Partnership. The Partnership is expected to receive these balances in May 2019.

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.