

SEI Investments (Europe) Ltd
Annual Report and Financial Statements
for the year ended 31 December 2014
Registered number: 3765319

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SEI Investments (Europe) Ltd

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SEI Investments (Europe) Ltd

Directors and Other Information

Directors at 27 April 2015

Patrick Disney
William Doran
Robert Goldspink
Ahsan Mallick
Robert Neshier
Joseph Ujobai
Brett Williams

Independent Auditors

KPMG LLP, Statutory Auditor
15 Canada Square
London
E145GL

Secretaries

Connie B. Sundh
Fourth Floor,
Time & Life Building
1 Bruton Street
London
W1J6TL

Jordans Corporate Law Limited
21 St Thomas Street
Bristol
BS16JS

Registered Number: 3765319

Registered Office

Fourth Floor,
Time & Life Building
1 Bruton Street
London
W1J6TL

SEI Investments (Europe) Ltd

Strategic report for the year ended 31 December 2014

Registered number: 3765319

Principal activities and review of business

The principal activities of the SEI Investments (Europe) Ltd (the "Company") are asset management and investment transaction processing services. All turnover is recognised in the United Kingdom.

The results and financial position at the year-end were considered satisfactory to the directors.

Business review and future development

SEI Investments (Europe) Ltd continued to capitalise on three major trends in the global marketplace: privatisation of pension funds, increased wealth accumulation among affluent investors and the elimination of barriers to global investing. Using the same asset management disciplines that have benefited U.S. clients, the Company provides investment management programs tailored to the needs of institutional and affluent individual investors. The Company has its main office located in London. Both the level of business and the year end financial position were satisfactory and the directors expect an increased level of business activity in the future. Turnover increased in 2014 when compared to 2013 primarily due to an increase in the market value of assets under management on new and existing business. In addition, there were non-recurring professional services fees from a single client recorded in 2014 related to investment processing services.

Two directors were appointed during 2014; Robert Goldspink (appointed 22 May 2014) and Brett Williams (appointed 4 July 2014).

During the year, the Company did not issue shares (2013: 5,000,000 ordinary shares issued at £1 each) and the Company remains wholly controlled by the parent company, SEI Global Investments Corporation.

Foreign branches

The Company has sales offices located in Netherlands and United Arab Emirates.

Principal risks and uncertainties

The directors believe that the risks and uncertainties described below are those that impose the greatest threat to the sustainability of the Company's business. However, there are other risks and uncertainties that exist that may be unknown or, in the present opinion of management, do not currently pose a material risk of harm to the Company. The risks and uncertainties facing the Company's business, including those described below, could materially adversely affect the Company's business, results of operations, financial condition and liquidity.

The Company's operations expose it to a variety of financial risks that include, but not limited to, concentration risk, product development risk, economic risk and operational risk.

Compliance and regulatory risk – The Company is regulated by the Financial Conduct Authority ("FCA") in the United Kingdom. Compliance with existing and future regulations could have a significant impact on our operations or our ability to provide products or services.

Data security risks – A failure to safeguard the integrity and confidentiality of client data from the infiltration by an unauthorised user, that is either stored on or transmitted between our proprietary systems or to other third party service provider systems, may lead to modifications or theft of critical and sensitive data pertaining to our clients. The costs incurred to correct client data and prevent further unauthorised access could be extensive.

Dependence on third party service providers – We utilise third-party service providers in our operations. A

SEI Investments (Europe) Ltd

Strategic report for the year ended 31 December 2014 (continued)

failure by a third-party service provider could expose us to an inability to provide contractual services to our clients in a timely basis. Additionally, if a third-party service provider is unable to provide these services, we may incur significant costs to either internalise some of these services or find a suitable alternative.

Concentration risk – The Company has significant relationships with certain clients. The loss of those clients could have a material effect on our financial position and results of operations. Due to the continued effort to maintain positive relationships with them, we do not foresee the loss of these clients.

Product development risk – The SEI Wealth Platform is a technology platform that provides services targeted to independent wealth advisors. The Company is subject to product development risk, which may result in loss if the Company is unable to develop scale and deliver a fully functional service that addresses clients' needs and becomes an attractive value proposition for them.

Economic risk – The Company's revenues are earned as a percentage of the average assets under management which are subject to fluctuations due to volatility in the securities markets. A significant and prolonged market downturn would depress the revenues of the Company. In addition, the Company operates across different markets and currencies. Adverse movements in currency exchange may negatively affect the operating results, liquidity and financial condition of the Company. The Company's revenues account for less than five percent of SEI Investments Company (the Ultimate Parent) total revenue. Due to this reason, the Company does not hedge against foreign currency risk.

Operational risk – Operational risk generally refers to the risk of loss resulting from operations, including, but not limited to, improper or unauthorised execution and processing of transactions, deficiencies in operating systems, business disruptions and inadequacies or breaches in internal control processes. The Company is reliant on the ability of its employees and systems to process large volumes of transactions often within short time frames. In the event of a breakdown or improper operation of systems, human error or improper action by employees, the Company could suffer financial loss, regulatory sanctions or damage to its reputation. In order to mitigate and control operational risk, the Company continues to enhance its policies and procedures that are designated to identify and manage operational risk.

Financial Risk Management

The Company's business involves the acceptance and management of financial risk. The principal risks facing the Company are detailed below:

Credit risk – The Company has a number of debtor balances which relate mainly to fees and the risk in relation to this is mainly non payment of the fees. Fees and other balances due from clients are regularly reviewed and the potential impact considered.

Liquidity risk – The Company continues to develop and enhance its services to its target market. Although the Company reported a profit on ordinary activities in 2014, it has a history of continued losses. If the Company can not maintain a sufficient level of profitability in future periods, the Company has a potential risk that adequate liquid funds will not be available to settle liabilities as they fall due, especially if the Company loses its support from the parent. The Directors of the Company have executed and approved a Subscription Agreement, dated 3 December 2014, which superseded the previous Subscription Agreement, dated 8 August 2012, in which SEI Investments Company, who controls the Company, will fund all on-going capital subscriptions necessary through 31 December 2020.

Results and dividends

The audited financial statements for the year ended 31 December 2014 are set out on pages 8 to 22. The profit for the financial year was £9,709,000 (2013: loss of £5,910,000).

SEI Investments (Europe) Ltd

Strategic report for the year ended 31 December 2014 (continued)

The directors did not recommend any dividend payments to be made for the year (2013: nil).

Key Performance Indicators (KPI's)

Given the straight forward nature of the business, the directors are of the opinion that analysis using any KPI's is not necessary for an understanding of the development, performance or position of the business.

SEI Investments (Europe) Ltd
Fourth Floor,
Time & Life Building
1 Bruton Street
London
W1J 6TL

On behalf of the Board,



Patrick Disney
Director
27 April 2015

SEI Investments (Europe) Ltd

Directors' report for the year ended 31 December 2014

Registered number: 3765319

The directors present their financial statements on the affairs of SEI Investments (Europe) Ltd (the "Company"), together with the independent auditor's report, for the year ended 31 December 2014.

Remuneration code disclosure

Our policy is designed to ensure that we comply with the FCA Remuneration Code disclosure ("RemCode") and our compensation arrangements:

1. are consistent with and promote sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Company's business strategy, objectives, values and long-term interests.

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA have sought to apply proportionality in the first instance by categorising firms into 3 tiers. The Company falls within the FCA's third proportionality tier and as such this disclosure is made in line with the requirements for a proportionality level 3 firm.

Application of the requirements

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the Company. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

- The Company's policy is in line with the Remuneration Code principles laid down by the FCA.
- Due to the size, nature and complexity of the Company, we are not required to appoint an independent remuneration committee.
- The Company's policy will be reviewed as part of annual process and procedures, or following a significant change to the business requiring an update to its internal capital adequacy assessment.
- The Company's ability to pay bonuses is based on the performance and profitability of the Company and then measured against individual targets designed to reward exceptional accomplishment.

Aggregate quantitative information on remuneration, for staff whose actions have a material impact on the risk profile of the Company

Code Staff	Aggregate compensation expense in 2014 / fiscal year
Senior management	£2,650,000
Other code staff	£1,231,000

SEI Investments (Europe) Ltd

Directors' report for the year ended 31 December 2014 (continued)

Pillar 3

In accordance with the rules of the Financial Conduct Authority, the Company has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available on the Company's website (https://www.seic.com/UK-Adviser/SEI-IEL_ICAPP_Document-Pilar-3-Disclosure.pdf).

EU Capital Requirements Directive IV ("CRD IV") disclosure

Institutions are required to publish details of turnover, employment, profits, taxation and any public subsidies on a country by country basis under the EU Capital Requirements Directive IV ("CRD IV") from 1 January 2015.

Article 89 of CRD IV requires institutions to report the following information by member state and third countries in which it has an establishment:

- a) Nature of activities and geographical location (see 'Principal activities' on page 3);
- b) Turnover (see disclosure note 2 on page 15);
- c) Number of employees on a full time equivalent basis (see disclosure note 6 on page 17-18);
- d) Profit and loss before taxation (see disclosure note 5 on pages 16-17);
- e) Tax on profit or loss (see disclosure note 5 on pages 16-17).

Directors

The directors who served during the year and up to the date of this report were as follows:

Patrick Disney	Ahsan Mallick
William Doran	Robert Neshor
Robert Goldspink (appointed 22 May 2014)	Joseph Ujobai
Brett Williams (appointed 4 July 2014)	

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern unless it is inappropriate to presume that the Company will continue in business.

SEI Investments (Europe) Ltd

Directors' report for the year ended 31 December 2014 (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

The directors confirm that so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and that each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The Company has appointed KPMG LLP to serve as the Company's independent auditor for the fiscal year ending 31 December 2014, replacing PricewaterhouseCoopers LLP from that role. During the fiscal years ended 31 December 2013 and 2012 there were no disagreements on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures.

Third party indemnity

The Company maintains liability insurance for its directors and officers. Following shareholder approval the Company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

The qualifying third party indemnity was in force during the financial year and also at the date of approval of the financial statements.

Political donations

There were no political donations made in 2014 and 2013.

SEI Investments (Europe) Ltd
Fourth Floor,
Time & Life Building
1 Bruton Street
London
W1J 6TL

On behalf of the Board,



Patrick Disney
Director
27 April 2015

SEI Investments (Europe) Ltd

Independent auditors' report to the members of SEI Investments (Europe) Ltd

We have audited the financial statements of SEI Investments (Europe) Ltd for the year ended 31 December 2014 set out on pages 11 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and to express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

SEI Investments (Europe) Ltd

Independent auditors' report to the members of SEI Investments (Europe) Ltd (continued)

- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Neil Palmer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E145GL
Date: 27 April 2015

SEI Investments (Europe) Ltd

Profit and loss account

(all amounts rounded to the nearest thousand)

	Notes	Year ended 31 Dec 2014 £	Year ended 31 Dec 2013 £
Turnover	2	57,835,000	43,570,000
Cost of Sales		(10,739,000)	(8,465,000)
Gross Profit		<u>47,096,000</u>	<u>35,105,000</u>
Administrative Expenses		(37,592,000)	(41,053,000)
Operating Profit/(Loss)	3	<u>9,504,000</u>	<u>(5,948,000)</u>
Other interest receivable and similar income	4	268,000	49,000
Profit/(Loss) on ordinary activities before taxation		<u>9,772,000</u>	<u>(5,899,000)</u>
Tax on Profit/(Loss) on ordinary activities	5	(63,000)	(11,000)
Profit/(Loss) for the financial year		<u>9,709,000</u>	<u>(5,910,000)</u>

All activities derive from continuing operations.

The Company has no recognised gains or losses in either the current or prior years other than those included within the profit and loss account.

The accompanying notes on pages 13 to 24 are an integral part of these financial statements.

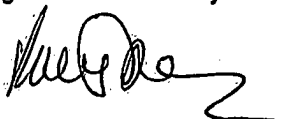
SEI Investments (Europe) Ltd

Balance sheet as at 31 December 2014

(all amounts rounded to the nearest thousand)

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	8	<u>1,334,000</u>	<u>548,000</u>
Current assets			
Debtors	9	27,420,000	27,692,000
Cash at bank and in hand		33,298,000	21,874,000
Total current assets		<u>60,718,000</u>	<u>49,566,000</u>
Creditors: Amounts falling due within one year	10	<u>(20,522,000)</u>	<u>(18,293,000)</u>
Net current assets		<u>40,196,000</u>	<u>31,273,000</u>
Total assets less current liabilities		<u>41,530,000</u>	<u>31,821,000</u>
Capital and reserves			
Called-up share capital	11	85,060,000	85,060,000
Profit and loss account	12	<u>(43,530,000)</u>	<u>(53,239,000)</u>
Total shareholders' funds	12	<u>41,530,000</u>	<u>31,821,000</u>

The financial statements on pages 11 to 24 were approved by the Board of directors on 27 April 2015 and signed on its behalf by:



Patrick Disney
Director

Registered number: 3765319

The accompanying notes on pages 13 to 24 are an integral part of these financial statements.

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014

(all amounts rounded to the nearest thousand)

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the prior year.

There have been no significant changes to UK accounting policies during the year, however, the accounting framework is changing as from 1 January 2015. The Company is currently evaluating the impact to the presentation of its financial statements.

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

Going Concern

The Company's ultimate parent has confirmed its intention to provide financial support for at least another 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern and do not include any adjustments that would result if the going concern basis was not appropriate.

Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement afforded by Financial Reporting Standard 1 (FRS 1, revised 1996) because it is a wholly-owned subsidiary of SEI Investments Company which prepares consolidated financial statements which are publicly available.

Turnover

Turnover represents the value of asset management and investment transaction processing services provided to its clients and is recognised on an accrual basis. Turnover is primarily based on (i) a percentage of average assets under management and is recognised on an accrual basis for asset management services, and (ii) a percentage of any assets under administration processed on the SEI Wealth Platform for investment transaction processing.

Cost of sales

Cost of sales represents fees for the management of client assets invested in open ended investment companies by third party investment advisors and SEI Investments Management Company, a wholly-owned subsidiary of SEI Investments Company.

Administrative expenses

Administrative expenses includes personnel costs, third party vendor costs and any other corporate overhead expenses.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued)

(all amounts rounded to the nearest thousand)

Computer equipment	3 years
Software	3 years
Office furniture	5 years
Leasehold improvements	5 years

Cash and cash equivalents

The Company considers investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Deferred taxation

The Company applies FRS 19 'Deferred tax' to account for deferred taxation. The Standard requires full provision to be made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. The additional disclosures required by FRS 19 are provided in Note 5 to the Financial Statements.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

Share Options

SEI Investments Company operates a share option scheme (1998 Equity Compensation Plan, and the 2014 Omnibus Equity Compensation Plan) to its employees where employees of the Company can be awarded shares in SEI Investments Company (the ultimate parent company) in accordance with the share option scheme. Under FRS 20, this arrangement is accounted for as an equity settled, share-based compensation scheme for the employees of the company. In accordance with FRS 20, it is necessary to recognise the award of shares as an expense of the Company. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each balance sheet date, a revision is made to the estimate of the number of shares that are expected to vest. The impact of the revision, if any, is recognised in the profit and loss account, with a corresponding adjustment to liability.

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued)

(all amounts rounded to the nearest thousand)

Pension costs and other post retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

2. Turnover

	2014	2013
	£	£
Asset Management Services	36,275,000	28,440,000
Investment Processing Services	21,560,000	15,130,000
Total Revenue	<u>57,835,000</u>	<u>43,570,000</u>

In 2014 and 2013, respectively, the Company derived approximately 53 percent and 56 percent of its asset management revenues from two clients. As of 31 December 2014 and 2013, the Company had outstanding receivables from these relationships of £5,322,000 and £3,362,000, respectively.

In 2014 and 2013, the Company derived approximately 33 percent and 30 percent of its investment processing revenue from two clients. As of 31 December 2014 and 2013, the Company had outstanding receivables from these clients of £1,977,000 and £1,260,000, respectively.

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued) (all amounts rounded to the nearest thousand)

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2014	2013
	£	£
Operating lease charges:		
- Other	2,245,000	2,297,000
Depreciation and amortisation*	357,000	221,000
Exchange loss on foreign currency transactions	(70,000)	387,000
Change in allowance for doubtful accounts	(36,000)	9,000
Auditors remuneration for audit services	84,000	84,000
Other services pursuant to legislation	97,000	63,000

*The depreciation and amortisation expense includes £0 (2013: £1,000) of depreciation that is charged from SEI European Services Limited.

4. Interest income

	2014	2013
	£	£
Interest on bank balances	268,000	49,000
	<u>268,000</u>	<u>49,000</u>

5. Tax on profit/(loss) on ordinary activities

a. Tax on profit/(loss) on ordinary activities comprised:

	2014	2013
	£	£
UK Corporation tax on interest for period	51,000	—
Overseas taxes	12,000	11,000
Tax on profit/(loss) on ordinary activities	<u>63,000</u>	<u>11,000</u>

The tax assessed for the period is higher (2013: higher) than the standard rate of corporation tax in the UK 21.5% (2013: 23.25%). The differences are explained below:

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued) (all amounts rounded to the nearest thousand)

Factors affecting tax charge for the year

	2014 £	2013 £
Profit/(Loss) on ordinary activities before taxation	9,772,000	(5,899,000)
Profit/(Loss) on ordinary activities multiplied by the UK standard corporation tax rate of 21.50% (2012: 23.25%)	2,101,000	(1,371,000)
Effects of:		
Expenses not deductible for tax purposes	195,000	352,000
Loan Relationships	(58,000)	(12,000)
Adjustments to tax charge in respect of prior years	11,000	5,000
Tax losses carried forward	—	1,026,000
Brought forward tax losses utilised in current year	(2,249,000)	—
Tax on Interest Income	51,000	—
UK current tax charge for the year	51,000	—
Overseas taxes	12,000	11,000
Current tax charge for the year	63,000	11,000

b. Factors that may affect future tax charges

As of 31 December 2014, there is an unrecognised deferred tax asset from net operating loss, measured at the standard rate of 20.00% of £7,300,000 (2013: £10,917,000) and book tax difference on depreciation of 20.00% of £454,000 (2013: £448,000). These deferred tax assets relate to the current year and prior year unutilised expenses. It is considered uncertain when there will be a liability in the future against which the deferred tax asset can be offset. Therefore, the tax asset has not been recognised.

The standard rate of Corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting period are taxed at an effective tax rate of 21.50%.

6. Staff charges

The average monthly number of employees (including executive directors) during the years were:

	2014	2013
Investment management	13	9
Sales and service	48	77
Operations and administration	170	154
	231	240

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued)

(all amounts rounded to the nearest thousand)

Their aggregate remuneration comprised:

	2014	2013
	£	£
Wages and salaries	20,549,000	20,507,000
Share-based compensation cost	361,000	948,000
Social security costs	2,895,000	2,766,000
Other pension costs (Note 13)	1,376,000	1,311,000
	<u>25,181,000</u>	<u>25,532,000</u>

7. Directors' remuneration and transactions

Remuneration

The remuneration of the directors included in staff costs above was as follows:

	2014	2013
	£	£
Directors' emoluments	1,117,000	357,000
	<u>1,117,000</u>	<u>357,000</u>

Stock Options

The number of directors who exercised share options during the year was 4 (2013: 5). The highest paid director did not exercise options during 2014 (2013: highest paid director did exercise options).

Pensions

There were no directors who were members of pension schemes during the year (2013: nil).

Highest-paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2014	2013
	£	£
Directors' emoluments	749,000	357,000
	<u>749,000</u>	<u>357,000</u>

The aggregate emoluments and amounts receivable of the highest paid director was £390,000 (2013: £191,000).

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued)

(all amounts rounded to the nearest thousand)

8. Tangible fixed assets

	Computer equipment £	Software £	Leasehold improvement £	Office furniture £	Total £
Cost or valuation					
At 1 January 2014	631,000	48,000	247,000	682,000	1,608,000
Additions	—	465,000	678,000	—	1,143,000
Retirements	(13,000)	—	—	—	(13,000)
At 31 December 2014	<u>618,000</u>	<u>513,000</u>	<u>925,000</u>	<u>682,000</u>	<u>2,738,000</u>
Accumulated depreciation					
At 1 January 2014	384,000	18,000	75,000	583,000	1,060,000
Charge for the year	120,000	102,000	100,000	35,000	357,000
Retirements	(13,000)	—	—	—	(13,000)
At 31 December 2014	<u>491,000</u>	<u>120,000</u>	<u>175,000</u>	<u>618,000</u>	<u>1,404,000</u>
Net book value					
At 31 December 2013	247,000	30,000	172,000	99,000	548,000
At 31 December 2014	<u>127,000</u>	<u>393,000</u>	<u>750,000</u>	<u>64,000</u>	<u>1,334,000</u>

9. Debtors

	2014 £	2013 £
Trade debtors	20,958,000	22,913,000
Other debtors	4,785,000	3,281,000
Prepayments and accrued income	1,677,000	1,498,000
	<u>27,420,000</u>	<u>27,692,000</u>

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued)

(all amounts rounded to the nearest thousand)

10. Creditors: amounts falling due within one year

	2014	2013
	£	£
Amounts owed to group undertakings	8,748,000	7,494,000
Other creditors including taxation and social security	1,420,000	1,242,000
Rebates due to clients	1,268,000	—
Accruals and deferred income	9,086,000	9,557,000
	<u>20,522,000</u>	<u>18,293,000</u>

At 31 December 2014, the balance of the amounts owed to the parent had no formal repayment terms and is non-interest bearing.

During a review of operational bank accounts in 2014 the Company identified a Trailer fee account into which rebates are received and then paid out to end investors. Cash held on the Trailer fee account and related creditor balance of £1,268,000 were recognised as at 31 December 2014. Respective 2013 amount of £2,847,000 was not adjusted for as not considered as a fundamental error by management. This adjustment has no effect on the Profit and Loss account.

11. Called-up share capital

	2014	2013
	£	£
<i>Authorised</i>		
100,000,000 ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>
<i>Allotted, called-up and fully-paid</i>		
85,060,000 (2013: 85,060,000) ordinary shares of £1 each	<u>85,060,000</u>	<u>85,060,000</u>

On 4 December 2013, the Company issued 5 million shares of its £1 par value common stock satisfied by the receipt of £5 million in cash by the Company to the Parent.

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued) (all amounts rounded to the nearest thousand)

12. Reconciliation of movements of shareholders' funds

	2014 £	2013 £
Profit/(Loss) for the financial year	9,709,000	(5,910,000)
Issue of ordinary share capital	—	5,000,000
Net addition to shareholders' funds	<u>9,709,000</u>	<u>(910,000)</u>
Opening shareholders' funds	31,821,000	32,731,000
Closing shareholders' funds	<u>41,530,000</u>	<u>31,821,000</u>

	Called up share capital £	Profit and loss account £	Total equity shareholders Funds £
At 1 January 2014	85,060,000	(53,239,000)	31,821,000
Profit/(Loss) for the financial year	—	9,709,000	9,709,000
At 31 December 2014	<u>85,060,000</u>	<u>(43,530,000)</u>	<u>41,530,000</u>

13. Pension arrangements

The Company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £1,376,000 (2013: £1,311,000).

At 31 December 2014, there were no prepaid or accrued defined contribution charges on the Balance Sheet.

14. Stock-based compensation

Following completion of eligibility requirements, the Company's employees are able to participate in the SEI employee stock purchase plan. The plan provides for offering of common stock to eligible employees at a price equal to 85% of the fair value at the end of the stock purchase period, as defined.

The Company's employees participate in the SEI Equity Compensation Plans. Currently, only stock options have been granted to its employees. Stock options are granted with an exercise price equal to the fair market value of SEI's common stock on the date of the grant and expire ten years from the date of grant. Stock options granted have performance vesting conditions based on the attainment of certain earnings per share targets established at the date of the grant. Earnings per share targets are calculated exclusively of stock-based compensation expense, net of tax. The first performance condition determines vesting of 50 percent of the options, and a second performance condition determines the vesting of the remaining 50 percent of the options. The performance conditions are measured annually on December 31.

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued)

(all amounts rounded to the nearest thousand)

SEI uses the Black-Scholes option pricing model to determine the fair value of stock options. The determination of the fair value of stock options on the date of grant using an option-pricing model is affected by the price of the SEI Investments Company's common stock as well as other variables. These variables include expected stock price volatility over the term of the awards, actual and projected employee stock exercise behaviors, risk-free interest rate and expected dividends. SEI uses historical data to estimate the variables used in the option-pricing model. SEI estimates forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from the initial estimates. SEI uses historical data to estimate pre-vesting forfeitures and record stock-based compensation expense only for those awards that are expected to vest. Stock-based compensation is amortised over the requisite service periods of the awards, which are generally the vesting periods. The amount of stock-based compensation expense that is recognised in a given period is dependent upon management's estimate of when the earnings per share targets are expected to be achieved. If this estimate proves to be inaccurate, the remaining amount of stock-based compensation expense could be accelerated, spread out over a longer period, or reversed.

SEI's common stock is traded in the United States of America, therefore all values of the share prices quoted below are stated in the currency of the stock traded.

The weighted average fair values of SEI's stock options granted during 2014 and 2013 were \$10.41 and \$10.45, respectively, using the following assumptions:

	2014	2013
Expected term (in years)	6.46	6.92
Expected volatility	25.47%	31.46%
Expected dividend yield	1.1%	1.21%
Risk-free interest rate	1.94%	2.12%

The Company recognised £361,000 (\$590,000) of stock-based compensation expense in 2014 and £948,000 (\$1,499,000) in 2013, which is reflected in the Profit and Loss account for the respective years. As of 31 December 2014, there was approximately £1,247,000 (\$1,942,000) converted at the GBP – USD spot rate of 1.5579 as of 31 December 2014, of unrecognised compensation cost remaining, adjusted for estimated forfeitures, related to unvested employee stock options that the Company expects will vest and be expensed through 2020 with a weighted average period of 2.4 years.

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued) (all amounts rounded to the nearest thousand)

The following table represents certain information relating to SEI's stock option plans for 2014:

	Number of shares	Weighted average price (USD)
Balance as of 31 December 2013	889,000	23.21
Employee transfers	(86,000)	24.56
Granted	164,000	38.12
Exercised	(241,000)	19.57
Expired or cancelled	(74,000)	27.53
Balance as of 31 December 2014	<u>652,000</u>	<u>27.64</u>
Exercisable as of 31 December 2014	221,000	20.43

The expiration dates for options at 31 December 2014 range from 14 December 2015 to 9 December 2024 with a weighted average remaining contractual life of 7 years.

This table summarises information relating to all options outstanding at 31 December 2014:

Exercise prices per share (USD)	Options outstanding at 31 December 2014			Options exercisable at 31 December 2014		
	Number of shares	Weighted average exercise price per share (USD)	Weighted average remaining contractual life (years)	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual life (years)
14.62 - 15.77	101,000	15.38	6	58,000	15.09	5.2
17.65 - 21.04	80,000	18.26	3.5	80,000	18.26	3.5
22.45 - 23.86	132,000	23.05	7.2	50,000	23.06	7.1
27.03 - 32.49	71,000	30.94	2.5	33,000	31.04	2.5
33.73 - 40.64	268,000	36.42	9.6	—	—	—
	<u>652,000</u>			<u>221,000</u>		

SEI Investments (Europe) Ltd

Notes to the financial statements for the year ended 31 December 2014 (continued)

(all amounts rounded to the nearest thousand)

15. Ultimate parent company and controlling party

The immediate parent undertaking is SEI Global Investments Corporation, a company incorporated in the United States of America, as the parent company and 100 percent owner of SEI Investments (Europe) Ltd. SEI Investments Company is the ultimate parent company and 100 percent owner of SEI Global Investments Corporation. SEI Investments Company is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements of SEI Investments Company are available from:

Investor Relations
SEI Investments Company
1 Freedom Valley Drive
Oaks, PA 19456

16. Lease commitments

At 31 December 2014, the Company has annual commitments under non-cancellable operating leases expiring as follows:

	2014	2013
	£	£
Within one year	448,000	—
Within two to five years	—	1,792,000
	<u>448,000</u>	<u>1,792,000</u>

17. Related party transactions

As a subsidiary undertaking of SEI Investments Company, the Company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by SEI Investments Company. Apart from intergroup transactions, no related parties transactions were entered into.

18. Subscription Agreement

The Directors of the Company have executed and approved a Subscription Agreement, dated 3 December 2014, which superseded the previous Subscription Agreement, dated 8 August 2012, in which SEI Investments Company, who controls the Company, will fund all on-going capital subscriptions necessary through 31 December 2020 to maintain the regulatory capital requirement as stipulated by the United Kingdom Financial Conduct Authority.

19. Subsequent events

The Company performed an evaluation of subsequent events through 27 April 2015 which is the date the financial statements were made available to be issued. The Company determined that based on its evaluation that there were no items that would affect the reported amounts in the financial statements as of 31 December 2014.