

**SEI Investments (Europe) Ltd**  
**Annual Report and Financial Statements**  
**for the year ended 31 December 2016**  
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 5 April 2017**

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

### **Independent Auditor**

KPMG LLP, Statutory Auditor  
15 Canada Square  
London  
E14 5GL

### **Secretaries**

Connie B. MacCurrach  
The Alphabeta Building  
1st Floor  
14-18 Finsbury Square  
London  
EC2A 1BR

Jordans Corporate Law Limited  
21 St Thomas Street  
Bristol  
BS16JS

**Registered Number:** 3765319

### **Registered Office**

The Alphabeta Building  
1st Floor  
14-18 Finsbury Square  
London  
EC2A 1BR

# SEI Investments (Europe) Ltd

## Strategic report for the year ended 31 December 2016

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

The Company aims to capitalise on two major trends in the global marketplace: 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 2016 when compared to 2015 primarily due to an increase in the market value of assets under management on new and existing business.

The Company must at all times monitor and demonstrate compliance with the regulatory capital requirements. The Company has put in place processes and controls to monitor compliance with FCA regulatory requirements. The Company was in compliance with the regulatory capital requirements during the year.

During the year, the Company did not issue shares (2015: none) and the Company remains wholly controlled by the parent company, SEI Global Investments Corporation.

### Foreign branch

The Company has a sales office located in Netherlands.

### 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 that, 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.

## SEI Investments (Europe) Ltd

### Strategic report for the year ended 31 December 2016 (continued)

*Dependence on third party service providers* – The Company utilise third-party service providers in its operations. A failure by a third-party service provider could expose the Company to an inability to provide contractual services to its clients in a timely basis. Additionally, if a third-party service provider is unable to provide these services, the Company 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 its financial position and results of operations. Due to the continued effort to maintain positive relationships with them, the Company does 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 2016 and 2015, it has a history of 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.

## SEI Investments (Europe) Ltd

### Strategic report for the year ended 31 December 2016 (continued)

#### Key Performance Indicators (KPI's)

The Company's businesses are managed by three senior executives, all of whom provide the Directors with the performance or position of their respective business lines. KPI's include factors such as client retention, assets under management or administration, revenue and cost targets. Furthermore, quarterly management accounts are prepared for the Directors by the Company's finance function, which help record the Company's position or performance against these factors.

SEI Investments (Europe) Ltd  
The Alphabeta Building  
1st Floor  
14-18 Finsbury Square  
London  
EC2A 1BR

On behalf of the Board,



Patrick Disney  
Director  
5 April 2017

# SEI Investments (Europe) Ltd

## Directors' report for the year ended 31 December 2016

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 2016.

The Company is a private company limited by shares.

### 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 2016 / fiscal year
Senior management	£2,629,000
Other code staff	£902,000

## SEI Investments (Europe) Ltd

### Directors' report for the year ended 31 December 2016 (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 (<http://www.seic.com/enUK/about.htm>).

#### 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 CRV 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');
- b) Turnover (see disclosure note 2);
- c) Number of employees on a full time equivalent basis (see disclosure note 6);
- d) Profit and loss before taxation (see disclosure note 5);
- e) Tax on profit or loss (see disclosure note 5).

#### Directors

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

Patrick Disney  
William Doran  
Robert Goldspink  
Brett Williams

Ahsan Mallick  
Robert Neshar  
Joseph Ujobai

#### 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.

#### Results and dividends

The audited financial statements for the year ended 31 December 2016 are set out on pages 12 to 22. The profit for the financial year was £21,325,000 (2015: profit of £11,492,000).

The directors did not recommend any dividend payments to be made for the year (2015: £nil).



## SEI Investments (Europe) Ltd

### Directors' report for the year ended 31 December 2016 (continued)

#### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG LLP will therefore continue in office.

#### 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 2016 and 2015.

SEI Investments (Europe) Ltd  
The Alphabeta Building  
1st Floor  
14-18 Finsbury Square  
London  
EC2A 1BR

On behalf of the Board,



Patrick Disney  
Director  
5 April 2017

## SEI Investments (Europe) Ltd

### Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

Registered number: 3765319

The directors are responsible for preparing the Strategic report, the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

SEI Investments (Europe) Ltd  
The Alphabeta Building  
1st Floor  
14-18 Finsbury Square  
London  
EC2A 1BR

On behalf of the Board,



Patrick Disney  
Director  
5 April 2017

## **SEI Investments (Europe) Ltd**

### **Independent auditor's 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 2016 set out on pages 12 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

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 9, 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 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 website at [www.frc.org.uk/auditscopeukprivate](http://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 2016 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 matters prescribed by the Companies Act 2006**

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## SEI Investments (Europe) Ltd

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

#### 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:

- 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  
E14 5GL  
7 April 2017

## SEI Investments (Europe) Ltd

### Statement of Income and Retained Earnings

(all amounts rounded to the nearest thousand)

		Year ended 31 Dec 2016	Year ended 31 Dec 2015
	Notes	£	£
<b>Turnover</b>	2	76,443,000	65,228,000
Cost of Sales		(18,942,000)	(14,655,000)
<b>Gross Profit</b>		<u>57,501,000</u>	<u>50,573,000</u>
Administrative Expenses		(36,248,000)	(39,232,000)
<b>Operating Profit</b>	3	<u>21,253,000</u>	<u>11,341,000</u>
Other interest receivable and similar income	4	103,000	207,000
<b>Profit before taxation</b>		<u>21,356,000</u>	<u>11,548,000</u>
Tax on profit	5	(31,000)	(56,000)
<b>Profit for the financial year</b>		<u>21,325,000</u>	<u>11,492,000</u>
Retained deficit at 1 January		(32,038,000)	(43,530,000)
<b>Retained deficit at 31 December</b>		<u>(10,713,000)</u>	<u>(32,038,000)</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, and as such a separate statement of comprehensive income is not prepared.

The accompanying notes on pages 14 to 22 are an integral part of these financial statements.

## SEI Investments (Europe) Ltd

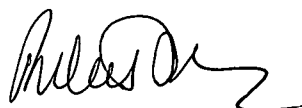
### Balance sheet as at 31 December 2016

(all amounts rounded to the nearest thousand)

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	8	<u>11,028,000</u>	<u>9,949,000</u>
<b>Current assets</b>			
Debtors	9	32,961,000	32,378,000
Cash at bank and in hand		<u>78,386,000</u>	<u>35,207,000</u>
<b>Total current assets</b>		<u>111,347,000</u>	<u>67,585,000</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(48,028,000)</u>	<u>(24,512,000)</u>
<b>Net current assets</b>		<u>63,319,000</u>	<u>43,073,000</u>
<b>Total assets less current liabilities</b>		<u>74,347,000</u>	<u>53,022,000</u>
<b>Capital and reserves</b>			
Called-up share capital	11	85,060,000	85,060,000
Profit and loss account		<u>(10,713,000)</u>	<u>(32,038,000)</u>
<b>Total shareholders' funds</b>		<u>74,347,000</u>	<u>53,022,000</u>

The financial statements on pages 12 to 22 were approved by the Board of directors on 5 April 2017 and signed on its behalf by:

Patrick Disney  
Director



Company registered number: 3765319

The accompanying notes on pages 14 to 22 are an integral part of these financial statements.

# SEI Investments (Europe) Ltd

## Notes to the financial statements for the year ended 31 December 2016

(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.

#### Basis of preparation

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.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102), *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* as issued in August 2014 and the Companies Act 2006. The presentation currency of these financial statements is Sterling. All amounts have been rounded to the nearest £1,000 in the financial statements.

The immediate parent undertaking is SEI Global Investments Corporation, a company incorporated in the United States of America, 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. The Company's ultimate parent company includes the Company in its consolidated financial statements. The consolidated financial statements of SEI Investments Company are prepared in accordance with accounting principles generally accepted in the United States of America and are available to the public and may be obtained from:

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

In these financial statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect to the following disclosure:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

As the consolidated financial statements of SEI Investments Company included the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26, *Shared Based Payments*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

## SEI Investments (Europe) Ltd

### Notes to the financial statements for the year ended 31 December 2016 (continued)

(all amounts rounded to the nearest thousand)

#### 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.

#### 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:

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

#### 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

Full provision is required 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.

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



## SEI Investments (Europe) Ltd

### Notes to the financial statements for the year ended 31 December 2016 (continued)

(all amounts rounded to the nearest thousand)

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 based compensation

##### *Stock Purchase Plan*

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.

##### *Share Options*

SEI Investments Company operates a share option scheme (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. This arrangement is accounted for as an equity settled, share-based compensation scheme for the employees of the Company. The award of shares is recognised 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.

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 Investments Company'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 excluding 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.

#### 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

## SEI Investments (Europe) Ltd

### Notes to the financial statements for the year ended 31 December 2016 (continued)

(all amounts rounded to the nearest thousand)

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

	2016	2015
	£	£
Asset Management Services	49,538,000	42,830,000
Investment Processing Services	26,905,000	22,398,000
Total Turnover	<u>76,443,000</u>	<u>65,228,000</u>

In 2016 and 2015, respectively, the Company derived approximately 44 percent and 49 percent of its asset management revenues from two clients. As of 31 December 2016 and 2015, the Company had outstanding receivables from these relationships of £4,787,000 and £4,242,000, respectively.

In 2016 and 2015, the Company derived approximately 37 percent and 38 percent of its investment processing revenue from two clients. As of 31 December 2016 and 2015, the Company had outstanding receivables from these clients of £3,114,000 and £2,279,000, respectively.

#### 3. Operating profit

Operating profit is stated after charging:

	2016	2015
	£	£
Operating lease charges:		
- Other	3,066,000	2,972,000
Depreciation and amortisation	1,303,000	269,000
Exchange loss on foreign currency transactions	(3,872,000)	(457,000)
Change in allowance for doubtful accounts	(51,000)	62,000
Auditor remuneration for audit services	84,000	84,000
Amounts receivable by auditors for other assurance services	<u>160,000</u>	<u>105,000</u>

## SEI Investments (Europe) Ltd

### Notes to the financial statements for the year ended 31 December 2016 (continued)

(all amounts rounded to the nearest thousand)

#### 4. Interest income

	2016	2015
	£	£
Interest on bank balances	103,000	207,000
	<u>103,000</u>	<u>207,000</u>

#### 5. Tax on profit

##### a. Tax on profit comprised:

	2016	2015
	£	£
UK Corporation tax on interest for period	21,000	42,000
Overseas taxes	10,000	14,000
Tax on profit	<u>31,000</u>	<u>56,000</u>

The tax assessed for the period is higher (2015: higher) than the standard rate of corporation tax in the UK 20% (2015: 20.25%). The differences are explained below:

##### Factors affecting tax charge for the year

	2016	2015
	£	£
Profit before taxation	<u>21,356,000</u>	<u>11,548,000</u>
Profit before taxation multiplied by the UK standard corporation tax rate of 20.00% (2015: 20.25%)	4,271,000	2,338,000
Effects of:		
Expenses treated different for book and tax	223,000	200,000
Loan Relationships	(21,000)	(42,000)
Adjustments to tax charge in respect of prior years	(1,121,000)	1,000
Brought forward tax losses utilised in current year	(3,352,000)	(2,497,000)
Tax on Interest Income	21,000	42,000
UK current tax charge for the year	<u>21,000</u>	<u>42,000</u>
Overseas taxes	10,000	14,000
Current tax charge for the year	<u>31,000</u>	<u>56,000</u>

## SEI Investments (Europe) Ltd

### Notes to the financial statements for the year ended 31 December 2016 (continued)

(all amounts rounded to the nearest thousand)

#### b. Factors that may affect future tax charges

As of 31 December 2016, there is an unrecognised deferred tax asset from net operating loss, measured at the standard rate of 19.25% of £1,487,000 (2015: £4,837,000) and a book tax difference on depreciation of 19.25% of £124,000 (2015: £546,000). These deferred tax assets relate to the current year and prior year unutilised expenses. The deferred tax asset is offset by other uncertain tax positions.

The standard rate of Corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. The standard rate of Corporation tax in the UK will change from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting period are taxed at an effective tax rate of 20% and the future tax charge is 19.25%.

#### 6. Staff charges

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

	2016	2015
Investment management	11	11
Sales and service	72	52
Operations and administration	157	165
	<u>240</u>	<u>228</u>

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	20,468,000	20,226,000
Share-based compensation cost	542,000	469,000
Social security costs	2,829,000	2,855,000
Other pension costs (Note 12)	1,410,000	1,407,000
	<u>25,249,000</u>	<u>24,957,000</u>

#### 7. Directors' remuneration and transactions

##### Remuneration

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

	2016	2015
	£	£
Directors' emoluments	1,482,000	1,365,000
	<u>1,482,000</u>	<u>1,365,000</u>

## SEI Investments (Europe) Ltd

### Notes to the financial statements for the year ended 31 December 2016 (continued)

(all amounts rounded to the nearest thousand)

#### Stock Options

The number of directors who exercised share options during the year was 5 (2015: 3). The highest paid director did not exercise options during 2016 (2015: nil).

#### Pensions

There was one director who was a member of the defined contribution pension schemes during the year (2015: 1).

#### Highest-paid director

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

	2016	2015
	£	£
Directors' emoluments	801,000	717,000
	<u>801,000</u>	<u>717,000</u>

The aggregate emoluments and amounts receivable of the highest paid director was £413,000 (2015: £340,000). Amounts receivable of the highest paid director relate to cash bonuses for services rendered during the year but are actually paid in the following year.

#### 8. Tangible fixed assets

	Computer equipment	Software	Leasehold improvement	Office furniture	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2016	1,112,000	513,000	9,114,000	244,000	10,983,000
Additions	113,000	100,000	1,553,000	621,000	2,387,000
Retirements	—	—	—	—	—
At 31 December 2016	<u>1,225,000</u>	<u>613,000</u>	<u>10,667,000</u>	<u>865,000</u>	<u>13,370,000</u>
<b>Accumulated depreciation</b>					
At 1 January 2016	589,000	227,000	—	218,000	1,034,000
Charge for the year	181,000	93,000	902,000	132,000	1,308,000
Retirements	—	—	—	—	—
At 31 December 2016	<u>770,000</u>	<u>320,000</u>	<u>902,000</u>	<u>350,000</u>	<u>2,342,000</u>
<b>Net book value</b>					
At 31 December 2015	523,000	286,000	9,114,000	26,000	9,949,000
At 31 December 2016	<u>455,000</u>	<u>293,000</u>	<u>9,765,000</u>	<u>515,000</u>	<u>11,028,000</u>

## SEI Investments (Europe) Ltd

### Notes to the financial statements for the year ended 31 December 2016 (continued)

(all amounts rounded to the nearest thousand)

#### 9. Debtors

	2016	2015
	£	£
Trade debtors	27,656,000	25,782,000
Other debtors	4,166,000	5,099,000
Prepayments and accrued income	1,139,000	1,497,000
	<u>32,961,000</u>	<u>32,378,000</u>

#### 10. Creditors: amounts falling due within one year

	2016	2015
	£	£
Amounts owed to group undertakings	30,677,000	10,200,000
Other creditors including taxation and social security	1,419,000	1,426,000
Rebates due to clients	318,000	866,000
Accruals and deferred income	15,614,000	12,020,000
	<u>48,028,000</u>	<u>24,512,000</u>

#### 11. Called-up share capital

	2016	2015
	£	£
<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 (2015: 85,060,000) ordinary shares of £1 each	<u>85,060,000</u>	<u>85,060,000</u>

#### 12. Pension arrangements

The Company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £1,410,000 (2015: £1,407,000).

At 31 December 2016, there were no prepaid or accrued defined contribution charges on the Balance Sheet.

## SEI Investments (Europe) Ltd

### Notes to the financial statements for the year ended 31 December 2016 (continued)

(all amounts rounded to the nearest thousand)

#### 13. Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£	£
Less than one year	683,000	—
Between one and five years	13,657,000	11,609,000
More than five years	12,974,000	15,705,000
	<u>27,314,000</u>	<u>27,314,000</u>

During the year 2016, £3,066,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £2,972,000)

#### 14. Related party transactions

As a subsidiary undertaking of SEI Investments Company, the Company has taken advantage of the exemption in Section 33 "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.

#### 15. 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.

#### 16. Subsequent events

The Company performed an evaluation of subsequent events through 7 April 2017 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 2016.