

FIDELITY INVESTMENT SERVICES LIMITED
(REGISTERED NO 2016555)

REPORT OF THE DIRECTORS
AND STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1992



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FIDELITY INVESTMENT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1992

- 1 The directors submit their annual report and accounts for the year ended 30 June 1992 to be presented to the annual general meeting of the company.

2 Review of activities

The principal activity of the company is the management and distribution of Authorised Unit Trusts. This is expected to continue over the course of the next year.

3 Review of business

The year end financial position remains satisfactory. The directors expect that the level of activity will increase in the future as the economic outlook improves.

The results of the company for the year are set out in the profit and loss account on page 4.

4 Dividend

During the year a dividend of £600,000 was paid.

5 Directors

The directors of the company at 30 June 1992, all of whom have been directors for the whole year ended on that date, unless otherwise stated, were:

E C Johnson 3rd
G R Moreno - resigned 17 February 1992
B R J Bateman
A J Ainsworth
M P Cambridge
S A Chalmers
G F Nutter - resigned 20 December 1991
R G Aspinall
G J Barker
M E Blair
A J Bolton
H S Bottomley - resigned 8 November 1991
E M Boyle
N F Chapman - resigned 20 February 1992
M D Collier
S J Fraser
P B Hargreaves - resigned 24 July 1992
P J Holland
I R Knock
G Lowe - resigned 24 July 1992
G R Logan - resigned 8 November 1991
P J Pleydell-Bouverie
T Robinson
P M Rees - resigned 6 December 1991
B R Russell
A Blair - resigned 29 January 1992

FIDELITY INVESTMENT SERVICES LIMITEDDIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1992 - Continued5 Directors (Continued)

R C Habermann - appointed 17 February 1992
 M A Wrobel - appointed 1 April 1992
 F Hart - appointed 1 April 1992
 G S Clapp - appointed 1 April 1992
 M Stemp - appointed 1 April 1992
 R M Sylvain
 A P Thomas
 G D Tsergas
 S E Walden
 M K Wooller

No director had a beneficial interest in any of the contracts of the company during the year.

6 Directors' interests in shares

No directors had any interest in the shares of the company or its immediate holding company at any time during the year.

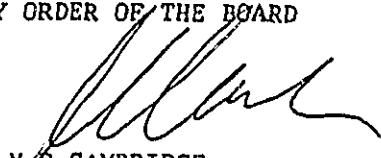
7 Employees

There are no formal policies for consultation with employees on matters likely to affect their interests; however, information of concern to employees is given in regular information bulletins. Involvement of employees in the company's performance is encouraged by means of a performance related bonus and through the participation of certain employees as shareholders in the ultimate holding company. The company's policy is to employ disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements would be made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

8 Auditor

A resolution to reappoint the auditor, Coopers & Lybrand, will be proposed at the annual general meeting. Until 1 June 1992 the firm practised in the name of Coopers & Lybrand Deloitte.

BY ORDER OF THE BOARD


 M. P. CAMBRIDGE
 Secretary

Registered Office:

Oakhill House
 130 Tonbridge Road
 Hildenborough
 TONBRIDGE
 Kent
 TN11 9DZ

FIDELITY INVESTMENT SERVICES LIMITED

REPORT OF THE AUDITOR TO THE MEMBERS OF FIDELITY INVESTMENT SERVICES
LIMITED

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1992 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND

Chartered Accountants and Registered Auditor

London

27 August 1992

FIDELITY INVESTMENT SERVICES LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1992

	<u>Notes</u>	<u>1992</u> <u>E'000</u>	<u>1991</u> <u>E'000</u>
Turnover	1(b)	25,677	28,430
Cost of sales		(3,842)	(3,185)
Gross profit		<u>21,835</u>	<u>25,245</u>
Administrative expenses		(25,191)	(23,719)
Operating (Loss)/Profit	2	<u>(3,356)</u>	<u>1,526</u>
Other interest receivable and similar income	5	81	1,251
Interest payable and similar charges	6	(481)	(78)
(Loss)/Profit on ordinary activities before taxation		<u>(3,756)</u>	<u>2,699</u>
Tax on (loss)/profit on ordinary activities	7	933	(1,838)
(Loss)/Profit on ordinary activities after taxation		<u>(2,823)</u>	<u>861</u>
Transfer from capital contribution	15	600	5,386
Dividend paid		(600)	(5,386)
(Loss)/Profit for the year		<u>(2,823)</u> =====	<u>861</u> =====

STATEMENT OF RETAINED PROFITS/ACCUMULATED LOSSES

Retained profits/(Accumulated losses) brought forward	586	(275)
(Loss)/Profit for the year	(2,823)	861
(Accumulated losses)/Retained Profits carried forward	<u>(2,237)</u> =====	<u>586</u> =====

The notes on pages 6 to 12 form part of these accounts

FIDELITY INVESTMENT SERVICES LIMITEDBALANCE SHEET - 30 JUNE 1992

	<u>Notes</u>	<u>1992</u> <u>£'000</u>	<u>1991</u> <u>£'000</u>
CURRENT ASSETS			
Stock of units	1(c)	394	140
Debtors	8	18,924	16,025
Cash at bank and in hand	9	20,749	17,468
		<u>40,067</u>	<u>33,633</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(33,990)	(24,133)
NET CURRENT ASSETS		<u>6,077</u>	<u>9,500</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	7	(500)	(500)
		<u>5,577</u> =====	<u>9,000</u> =====
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Capital contribution	15	7,714	8,314
Profit and loss account		(2,237)	586
		<u>5,577</u> =====	<u>9,000</u> =====

The accounts on pages 4 to 12 were approved by the Board of Directors on 27th August 1992 and were signed on its behalf by



M P Cambridge
Director

The notes on pages 6 to 12 form part of these accounts

FIDELITY INVESTMENT SERVICES LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 19921 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the significant accounting policies is set out below.

a) Historical cost convention

The accounts have been prepared in accordance with the historical cost convention.

b) Turnover

Turnover, which arises primarily in the United Kingdom and excludes Value Added Tax, comprises:

i) Net revenues receivable from the sale of units including franked investment income; and

ii) Unit trust management fees and commissions receivable.

c) Stocks of units

Stocks of units held in the manager's box are stated at the lower of cost and net realisable value. In general, the cost is determined on a first in first out basis and represents amounts payable to the Trustee on creation of units and to unit holders on repurchase of units. Net realisable value is the price at which units can be sold, or cancelled, in the normal course of business after allowing for fiscal and sales charges.

d) Deferred taxation

Provision is made for deferred tax at the rate of corporation tax that will apply when the timing difference is expected to reverse (the liability method), but not where, in the opinion of the directors, the potential tax liability is remote.

e) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Remittances in currency received are translated into sterling at the rate of exchange ruling on the date of the transaction. Translation differences are included in profit before taxation.

FIDELITY INVESTMENT SERVICES LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1992 - Continuedf) Pension scheme arrangements

The company operates a self-administered pension scheme open to all employees over 24 years of age. The scheme is a defined contribution scheme, and as such pensions costs are charged to the profit and loss account on an accruals basis in the period in which the benefit is earned.

g) Operating Leases

Annual rentals on operating leases are charged to the profit and loss account as they fall due.

h) Cashflow Statement

The company is a wholly owned subsidiary of Fidelity Investment Management Limited and the cash flows of the company are included in the consolidated group cash flow statement of Fidelity Investment Management Limited. Consequently the company is exempt under the terms of Financial Reporting Statement number one from producing a cash flow statement.

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	<u>1992</u> £'000	<u>1991</u> £'000
Coopers & Lybrand's remuneration for audit services	86	44
Coopers & Lybrand's remuneration for other services	365	345
Operating lease charges:		
Computer and office equipment and motor vehicles	3,247	3,630
Other operating leases	1,288	1,288

3 Directors' emoluments

Emoluments of directors (including pension contributions):

	<u>1992</u> £'000	<u>1991</u> £'000
For management services	5,258	3,096
Compensation for loss of office	593	86

FIDELITY INVESTMENT SERVICES LIMITED

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NOTES TO THE ACCOUNTS - 30 JUNE 1992 - Continued

Directors' emoluments - continued

Directors' emoluments disclosed in accordance with the Companies Act 1985 and excluding pension contributions are as follows:

	<u>1992</u> £'000	<u>1991</u> £'000
The Chairman	-	-
Emoluments of the highest paid director	494	405

Number of other directors whose emoluments were within the ranges:

	<u>1992</u>	<u>1991</u>
Up to - £ 5,000	5	1
£ 10,001 - £ 15,000	1	-
£ 15,001 - £ 20,000	-	2
£ 20,001 - £ 25,000	-	1
£ 25,001 - £ 30,000	-	1
£ 30,001 - £ 35,000	1	-
£ 35,001 - £ 40,000	3	-
£ 40,001 - £ 45,000	2	-
£ 45,001 - £ 50,000	1	-
£ 50,001 - £ 55,000	-	1
£ 55,001 - £ 60,000	1	1
£ 60,001 - £ 65,000	-	1
£ 65,001 - £ 70,000	1	2
£ 70,001 - £ 75,000	1	1
£ 75,001 - £ 80,000	-	1
£ 85,001 - £ 90,000	-	2
£ 90,001 - £ 95,000	-	2
£ 95,001 - £100,000	1	-
£100,001 - £105,000	1	-
£105,001 - £110,000	1	1
£110,001 - £115,000	1	2
£115,001 - £120,000	-	2
£120,001 - £125,000	1	2
£130,001 - £135,000	-	2
£135,001 - £140,000	1	-
£140,001 - £145,000	-	2
£155,001 - £160,000	1	1
£160,001 - £165,000	1	1
£165,001 - £170,000	1	1
£170,001 - £175,000	1	-
£180,001 - £185,000	1	-
£190,001 - £195,000	1	-
£195,001 - £200,000	2	1
£205,001 - £210,000	1	1
£220,001 - £225,000	1	1
£285,001 - £290,000	1	-
£290,001 - £295,000	1	-
£305,001 - £310,000	-	1
£340,001 - £345,000	1	-

4 Employee information

- a) The average number of persons employed by the company during the year, including directors, was 431 (1991 - 410).

FIDELITY INVESTMENT SERVICES LIMITEDNOTES TO THE ACCOUNTS 30 JUNE 1992 - ContinuedEmployee information - continued

- b) The aggregate amounts payable for the year for all employees including directors were:

	<u>1992</u> £'000	<u>1991</u> £'000
Salaries	14,447	11,463
Social security costs	1,523	1,169
Pension contributions (see note 1 (f))	1,047	1,107
	<u>17,017</u> =====	<u>13,739</u> =====

All employees and directors are involved in the investment management business.

5 Other interest receivable and similar income

	<u>1992</u> £'000	<u>1991</u> £'000
Interest receivable	81 =====	1,251 =====

6 Interest payable and similar charges

	<u>1992</u> £'000	<u>1991</u> £'000
Interest payable on bank loans and overdrafts repayable within 5 years, not by instalments	478	78
Interest payable on overdue taxation	3	-
	<u>481</u> ===	<u>78</u> ===

7 Tax

- a) The charge for tax on (loss)/profit on ordinary activities is made up as follows:

	<u>1992</u> £'000	<u>1991</u> £'000
On the (loss)/profit for the year:		
UK Corporation Tax at 33% (1991 33.75%)	(1,075)	47
Tax on franked investment income	429	1,201
(Overprovision)/Underprovision in prior years	(287)	590
	<u>(933)</u> =====	<u>1,838</u> =====

- b) The provision for deferred tax is as follows:

	£'000
At 1 July 1991 and 30 June 1992	500 ===

FIDELITY INVESTMENT SERVICES LIMITED

NOTES TO THE ACCOUNTS 30 JUNE 1992 - Continued

7 Tax - continued

- c) The provision made and full potential liability for deferred tax are as follows:

	<u>1992</u>		<u>1991</u>	
	Provision made £'000	Full potential liability £'000	Provision made £'000	Full potential liability £'000
Timing differences	500	500	500	500
	===	===	===	===

8 Debtors

	<u>1992</u> £'000	<u>1991</u> £'000
Trade debtors	16,476	14,263
Prepayments and accrued income	699	921
Amount owed by fellow subsidiaries	68	417
Other debtors	604	424
Corporation tax recoverable	1,077	-
	<u>18,924</u>	<u>16,025</u>
	=====	=====

9 Cash at bank and in hand

	<u>1992</u> £'000	<u>1991</u> £'000
Cash at bank and in hand	18,044	16,968
Short term deposits	2,705	500
	<u>20,749</u>	<u>17,468</u>
	=====	=====

At 30th June 1992 £18,040,000 of cash at bank is subject to a legal set-off agreement explained in note 13.

10 Creditors: amounts falling due within one year

	<u>1992</u> £'000	<u>1991</u> £'000
Bank loans and overdrafts	4,600	750
Trade creditors	17,373	15,277
Amount owed to parent company and fellow subsidiaries	5,182	1,244
Other creditors including taxation and social security (note 11)	1,391	1,306
Accruals and deferred income	5,444	5,556
	<u>33,990</u>	<u>24,133</u>
	=====	=====

FIDELITY INVESTMENT SERVICES LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1992 - Continued11 Other creditors including taxation and social security

	<u>1992</u> £'000	<u>1991</u> £'000
UK Corporation tax on prior year's profits	-	311
PAYE and social security	316	385
VAT	126	139
Other creditors	949	471
	<u>1,391</u> =====	<u>1,306</u> =====

12 Share capital

	<u>1992</u> Authorised Issued and fully paid	<u>1991</u> Authorised Issued and fully paid
100,000 Ordinary shares of £1 each	£100,000 =====	£100,000 =====

13 Contingent liabilities

- a) The company is a member of a group registration for Value Added Tax and is, with certain other Fidelity group companies, jointly and severally liable for the tax payable under this group registration.
- b) The company, together with certain other Fidelity group companies, has entered into an arrangement whereby the balance on some of its bank accounts is subject to a legal set off agreement and is jointly and severally liable for any liabilities which may arise under this agreement. At 30 June 1992, of the £20,749,000 cash at bank and in hand, £18,040,000 was held within the grouping arrangement. At the same date the net overdrawn balance on group accounts held within the arrangement was £3,506,000. The company's ultimate holding company, Fidelity International Limited, has agreed to provide each subsidiary of Fidelity Investment Management Limited which is a member of IMRO, without recourse to any such subsidiary, such funds, in a maximum of £20,000,000, as may be required from time to time to enable each such subsidiary to continue to satisfy the financial resources requirements under the IMRO Regulations.

FIDELITY INVESTMENT SERVICES LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1992 - Continued14 Financial Commitments

The company has the following financial commitments in respect of operating leases payable during the next year analysed by year of expiry.

	Leases of land and buildings £'000
Between two and five years	37
After 5 years	1,251
	<u>1,288</u> =====

15 Capital Contribution

	1992 £'000	1991 £'000
At beginning of year	8,314	13,700
Transferred to Profit and Loss Account	(600)	(5,386)
At end of year	<u>7,714</u> =====	<u>8,314</u> =====

16 Holding company

The immediate holding company, for which consolidated accounts are prepared, is Fidelity Investment Management Limited, a company registered in England and Wales. The ultimate holding company is Fidelity International Limited, which is incorporated in Bermuda.