

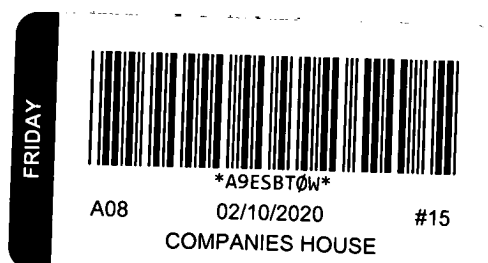
# **FIL Investment Services (UK) Limited**

Company number 2016555

## **Annual Report and Financial Statements**

**Year ended**

**30 June 2020**



# **FIL Investment Services (UK) Limited**

**Annual report and financial statements  
for the year ended 30 June 2020**

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## **Directors**

J Clougherty  
A Lanser  
T Robson-Capps  
D Weymouth

## **Secretary and registered office**

FIL Administration Limited, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP

## **Company number**

2016555

## **Independent Auditors**

PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT

# FIL Investment Services (UK) Limited

## Strategic report for the year ended 30 June 2020

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The directors present their strategic report for FIL Investment Services (UK) Limited ("the company") for the year ended 30 June 2020.

### Principal activities

The principal activity of the company is the management of Open Ended Investment Companies ("OEICs") and Alternative Investment Funds ("AIFs").

The company is authorised and regulated by the Financial Conduct Authority ("FCA").

### Business review and position

The results for the company are set out on page 12. The company's profit for the financial year is £61,333,000 (2019: £60,689,000). Both turnover and combined costs of sales and administrative expenses have decreased by 1% over the year.

The company's balance sheet is set out on page 13 and shows net assets at 30 June 2020 of £127,665,000 (2019: £135,332,000).

The company's response to COVID-19 is set out on page 4.

### Key performance indicators ("KPIs")

The directors of the company are of the opinion that its KPIs are consistent with those of the group headed by FIL Holdings (UK) Limited ("FHL"), of which the company is a member, and therefore separate disclosure is not necessary. Details of these KPIs may be found in the consolidated financial statements of FHL.

### Development of the business

The company's activities are expected to continue during the coming year. Future levels of growth are dependent on market strength and investor confidence.

### Risk management

The company is exposed to three broad types of risk: operational, strategic and financial risk. Risk assessments are used to identify the risks, controls and appropriate mitigation action.

#### *Operational risk*

Operational risk is the risk of loss arising from inadequate or failed internal processes, people or systems, or from external events. It is the largest risk to which the FIL Holdings (UK) Limited group of companies ("FHL group"), of which the company is a subsidiary, is exposed.

Operational risk arises from failures in the management of operations, processes or systems. This can result in errors, the inability to deliver change adequately, unavailability of systems or the loss of data. It can also arise from a failure to identify and manage changes in law or regulations or to take appropriate measures to protect client assets. The FHL group is also exposed to external threats, in particular, information security risks, financial crime risks and supplier and vendor risks. These risks can have an impact on FHL's clients, its reputation and its balance sheet.

The FHL group is actively managing all of these risks and employs a number of methods for mitigating operational risk, principally the implementation of systems and controls. Where services are provided by third parties, the FHL group performs due diligence processes and monitors and manages supplier performance.

# FIL Investment Services (UK) Limited

Strategic report  
for the year ended 30 June 2020 (*continued*)

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## Risk management (*continued*)

### *Strategic risk*

Strategic risk is the risk associated with an inappropriate or non-performing strategy. This risk type includes risks arising from external market dynamics, strategic error or non-delivery and poor business or investment performance. Strategic risks are actively managed by senior management, designated business committees and the Board.

### *Financial risk*

Financial risk may arise in the course of business and includes liquidity risk, market risk and credit risk. The company does not undertake principal trading, except on a de minimis basis to facilitate customers' orders, nor does it actively take on credit, market or liquidity risks, other than incidentally to its operational activity.

### *Liquidity risk*

Liquidity risk is the risk that the company, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. The FHL group carries out day-to-day monitoring, management and reporting of the FHL group liquidity, ensuring that it complies at all times with limits set by the FHL group (which are designed to ensure that regulatory obligations are always complied with).

### *Market risk*

Market risk is the risk of adverse financial impact due to changes in fair values of financial instruments from fluctuations in foreign currency exchange rates, interest rates, and equity prices. Interest rate risk applies to deposits with the company's banks, which are subject to daily interest rate variances, and investments in liquidity funds, which are used to diversify credit risk. Foreign exchange rate risk exists on revenues derived from foreign denominated assets.

In addition, strictly limited market risk positions are taken in relation to mutual funds. These positions are only taken to enable the efficient operation of day to day fund dealing activities for customers and clients and they are actively monitored within defined limits.

The company is also indirectly exposed to market risk, since the majority of the company's revenue is driven by asset values of funds under management and hence by the prices of securities. This risk is managed through regular monitoring of the assets under management and by active cost control.

### *Credit risk*

Credit risk is the risk of a counterparty failing to meet its financial obligations to the company when due. The FHL group makes use of credit ratings from major credit rating agencies, has access to the research of brokerage firms and has implemented policies that require credit checks on potential counterparties, where appropriate.

The company restricts exposure in financial instruments to counterparties approved in accordance with policies set by FIL Limited ("FIL"). Surplus cash is carefully considered for placement with liquidity funds (all AAAm and/or Aaa-mf) to improve credit risk exposure and to reduce direct exposures to banks. Cash balances are held only with banks with whom the FIL group has strong, well-established relationships. Counterparty limits are used to manage the counterparty exposure.

The company acts as principal when investors buy or sell shares or units in its funds, meaning that monies flow to and from the funds through the company to the investors. Consequently, short-term settlement balances arise on the company's balance sheet in the form of amounts receivable and corresponding amounts payable in respect of the same transactions. Although these balances are not netted off in the financial statements, the units/shares in the funds are held until the counterparty in each transaction fulfils its obligations.

# FIL Investment Services (UK) Limited

## Strategic report for the year ended 30 June 2020 (*continued*)

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### Risk management (*continued*)

#### *Investment risk*

Investment Risk principally covers risks arising in the investment funds managed by the company. It is borne by investors, provided the company manages the funds within contractual limits and in line with investor expectations. The company actively manages communications and disclosures with investors to ensure that the risk profile of the funds is transparent and understood by those who ultimately bear this type of risk. Investment risk includes counterparty/credit, market and liquidity risks in the funds, all of which are monitored through risk indicators to ensure that the funds are not exposed to significant credit or concentration risk with respect to their primary counterparties.

### Statement on Section 172(1) of the Companies Act

Section 172 of the Companies Act 2006 ("s172") places a duty on directors to promote the success of the company for the benefit of shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term, the need to act fairly between members of the company, and the company's wider relationships.

The directors have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the company's shareholders. In doing so, they have had regard to a range of matters, including the impact of decisions in the long term, the interests of key stakeholders including suppliers, customers, the community and the environment, and the reputation of the company for high standards of business conduct.

The FHL group's purpose and goals are set out in its Corporate Governance Statement contained in the Directors' Report within the FHL group's financial statements. As part of the FHL group, the company shares the FHL group's purpose and goals. The directors make decisions with regard to the long-term interests of its shareholders (FIL Holdings (UK) Limited and Financial Administration Services Limited) with due regard to the impact of decisions on all relevant stakeholders. In working towards the company's goals, the directors have had due regard for the key stakeholders of the company and the FHL group, as set out as follows.

#### *Customers*

The company can only succeed by meeting the need of its current and prospective Customers - well summarised by FIL's overall mission 'working together to build better financial futures'. More detail on engagement with Customers is included within the Engagement with Key Stakeholders section of the Directors' Report on page 6.

#### *Suppliers*

Key considerations around suppliers are discussed in the Engagement with Key Stakeholders section of the Directors' Report within the FHL group's financial statements.

#### *Communities and environment*

More detail on engagement with the communities where the company operates and on the broader Environment is included within the Stakeholder Engagement with other Stakeholders section of the Directors' Report on page 7.

# FIL Investment Services (UK) Limited

**Strategic report**  
**for the year ended 30 June 2020 (continued)**

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## **Statement on Section 172(1) of the Companies Act (continued)**

### *Reputation and high standards of business conduct*

The reputation of the company is vital to the confidence of customers and is a significant focus for the Board. As set out in the Corporate Governance Statement in the FHL group's financial statements, the FHL group seeks to operate to the highest standards of conduct. All staff employed by the FHL group are subject to the Fidelity International Code of Conduct and Ethics, which emphasises the FHL group's and the company's commitment to keeping its reputation untarnished and provides a framework for employees to manage their personal affairs in a way consistent with that reputation, and this is further supported by the Whistleblowing Policy. The company performs regulated activities and maintains an open and proactive relationship with the Financial Conduct Authority (the "FCA").

### *Response to COVID-19*

The emergence of the coronavirus (COVID-19) disease has caused significant volatility and uncertainty within the global economy and financial markets and significant personal dislocation for the FHL group's employees and for the company's customers. The company has responded to the COVID-19 crisis with appropriate consideration given to the impact on each of its key stakeholder groups and the directors have been kept informed of key developments and management actions; taking key decisions as necessary.

The FHL group has actively supported employees in a range of ways throughout the pandemic, with the vast majority of staff working from home which was successfully implemented ahead of the 'lockdown' imposed by the UK Government. The company swiftly implemented new collaborative tools in a risk aware way and introduced wellbeing webinars and provided regular advice to support staff. The Board and the Audit and Risk Committee ("ARC") have considered and reflected on the steps taken to ensure staff wellbeing during these unprecedented times and whether there are unidentified or longer-term implications in this regard.

The company has maintained its ability to service customers and suffered no significant reduction in service levels after the change to staff working from home model. This change necessitated revisions to certain operating practices and procedures and the risk implications of these revisions have been carefully evaluated with compensatory controls adopted where required. Customer contact has been maintained through digital channels, enabling the business to continue working to high service levels. Complaint trends have been carefully monitored and the root causes of these assessed to identify any key themes that were impacting customer experience.

The ARC has monitored the risk profile of the business during this period and the ongoing effectiveness of its control environment.

Engagement in the community and charitable donations have continued throughout the pandemic, as the FHL group continued to support local charities throughout the period. It has also continued to progress its aim to conduct current and future business operations in a sustainable manner.

Throughout the pandemic, the company has continued to have an open and honest relationship with the regulator including regular dialogue. The company continues to maintain adequate capital and liquidity to support the business in meeting its obligations and upholds the highest standards of business conduct. The company did not participate in any emergency government support schemes relating to COVID-19.

### *Exit from the European Union ("EU")*

The withdrawal agreement between the European Union ("EU") and the UK outlines that the transition period for the UK leaving the EU will end on 31 December 2020.

# FIL Investment Services (UK) Limited

**Strategic report**  
**for the year ended 30 June 2020 (continued)**

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## **Statement on Section 172(1) of the Companies Act (continued)**

### *Exit from the European Union ("EU") (continued)*

The FHL group had implemented necessary changes to operational processes and legal structures prior to the original exit date of 29 March 2019. The FHL group's focus remains on serving its customers in the best possible way and planning has prepared the business for Day 1 readiness, including the on-going ability to trade, client access to monies, as well as online and phone services. The FHL group continues to monitor and evaluate the impact of the UK exit from the EU and as further details on the post transitional arrangements emerge these will be factored into planning.

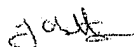
The FHL group recognises suppliers and counterparties as critical to its ongoing success. Planning for the UK exit from the EU continues to consider the impact on the FHL group's relationship with suppliers; regular engagement is taking place with key suppliers and counterparties to ensure they are equally well prepared for the UK exit.

Since the outcome of the EU referendum was announced, the FHL group has put the concerns of employees at the front of its planning for the UK exit - recognising that the FHL group employs a number of citizens from the remaining members of the EU (and also that Fidelity International employs UK citizens in its EU offices), and has offered help and support to those potentially impacted by changes in residency laws.

The FHL group has kept in regular discussion with the FCA over the implications for the FHL group and its customers of the UK exit, including responding promptly to all the FCA's information requests around the UK's exit from the EU.

### **Approval**

This strategic report was approved on behalf of the Board on 29 September 2020.



**J Clougherty**  
**Director**

# FIL Investment Services (UK) Limited

## Directors' report for the year ended 30 June 2020

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The directors present their report together with the audited financial statements for the year ended 30 June 2020.

### Directors

The directors of the company during the year and up to the date of signing the financial statements are listed below:

J Clougherty  
A Lanser  
S Reedy (resigned 30 August 2019)  
T Robson-Capps  
D Weymouth

### Dividends

An interim dividend of £69,000,000 (2019: £30,000,000) was paid in the year. No final dividend is proposed (2019: £nil).

### Future developments

Information on future developments in the business of the company has been included in the strategic report on page 1.

### Change of accounting period

The board has approved a change to the accounting reference date of the company from 30 June to 31 December. This will take effect in the next accounting period following these financial statements, which will result in a six-month accounting period from 1 July 2020 to 31 December 2020.

### Financial risk management

Information on the financial risk management of the company has been included in the strategic report on pages 1 to 3.

### Overseas branches

During the year the company maintained a branch within Ireland.

### Qualifying third party pension scheme indemnity provision

The directors of the company have the benefit of indemnities in relation to the company or an associated company which are qualifying third party indemnity provisions and qualifying pension scheme indemnity provisions, as defined by Sections 234 and 235 of the Companies Act 2006. In addition, during the year and at the date of approving this directors' report, the company has maintained liability insurance for directors.

### Engagement with Key Stakeholders

#### *Customers*

The company's purpose, working together to build better financial futures, is based on the premise it believes it fulfils a vital role in society. The work the company does, together as a team, and the services it offers to its clients across all its business areas has one focus in mind - to help those clients have better futures because their financial situation allows them to. It also underlines the focus on sustainable, long-term outcomes, together with an aspirational focus on the future. The company operates within the business line Investment Solutions and Services ("ISS"). ISS aims to provide the best and most innovative investment services and products to suit customer needs and desired outcomes. The company's core values of Integrity and Trust are implemented throughout its engagement with customers. The company interacts with customers in a number of ways and actively listens to customers' needs by seeking feedback, for example through customer surveys, which informs continuous improvements to customer experience.



# FIL Investment Services (UK) Limited

## Directors' report for the year ended 30 June 2020 (*continued*)

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### Engagement with Key Stakeholders (*continued*)

#### *Communities and environment*

The FHL group has a pro-active approach to Corporate Social Responsibility and seeks to build better futures by supporting a number of charitable causes to improve the lives of others and support the environment in which it operates, which is adopted by the company. The FHL group partners with local charities to help to build better futures for the community in which it operates. It also aims to conduct current and future business operations in a sustainable manner which helps create a better future for the environment, with key focus areas of Pollution, Prevention, Carbon Reduction, Waste minimisation and responsible use of resources.

### Streamlined Energy and Carbon reporting ("SECR")

SECR related disclosures can be found in the consolidated financial statements of the FHL group.

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law 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, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), 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 United Kingdom Accounting Standards, including FRS 102, 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.

The directors 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.

# FIL Investment Services (UK) Limited

## Directors' report for the year ended 30 June 2020 (*continued*)

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### Disclosure of information to auditors

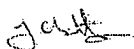
So far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

The directors appointed PricewaterhouseCoopers LLP as auditors to the company on 6 March 2003. The company has passed elective resolutions to dispense with the appointment of auditors annually and the holding of an annual general meeting. Audit independence and reappointment is considered by the FHL Audit and Risk Committee on an annual basis.

### Approval

This directors' report was approved on behalf of the Board on 29 September 2020.



J Clougherty  
Director

# FIL Investment Services (UK) Limited

## Independent auditors' report to the members of FIL Investment Services (UK) Limited

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### Report on the audit of the financial statements

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#### Opinion

In our opinion, FIL Investment Services (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2020; the Profit and loss account, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) and applicable law. Our responsibilities under International Standards on Auditing (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which International Standards on Auditing (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# FIL Investment Services (UK) Limited

## Independent auditors' report to the members of FIL Investment Services (UK) Limited *(continued)*

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### Reporting on other information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, International Standards on Auditing (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of the directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# FIL Investment Services (UK) Limited

Independent auditors' report to the members of FIL Investment Services (UK) Limited (*continued*)

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## Responsibilities for the financial statements and the audit (*continued*)

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

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### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Thomas Norrie (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 September 2020

# FIL Investment Services (UK) Limited

## Profit and loss account for the year ended 30 June 2020

|   | Note | 2020<br>£'000    | 2019<br>£'000    |
|---|------|------------------|------------------|
| <b>Turnover</b>                                 | 2    | <b>305,602</b>   | 309,030          |
| Cost of sales                                   |      | <u>(149,184)</u> | <u>(151,043)</u> |
| <b>Gross profit</b>                             |      | <b>156,418</b>   | 157,987          |
| Administrative expenses                         |      | <u>(82,928)</u>  | <u>(84,465)</u>  |
| <b>Operating profit</b>                         | 3    | <b>73,490</b>    | 73,522           |
| Interest receivable and similar income          | 5    | <u>959</u>       | <u>989</u>       |
| <b>Profit on ordinary activities before tax</b> |      | <b>74,449</b>    | 74,511           |
| Tax on profit on ordinary activities            | 6    | <u>(13,116)</u>  | <u>(13,822)</u>  |
| <b>Profit for the financial year</b>            |      | <b>61,333</b>    | 60,689           |
| <b>Total comprehensive income for the year</b>  |      | <b>61,333</b>    | 60,689           |

All operations are continuing.

The notes on pages 15 to 21 form an integral part of these financial statements.

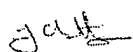
# FIL Investment Services (UK) Limited

## Balance sheet at 30 June 2020

|   | Note | 2020<br>£'000 | 2020<br>£'000 | 2019<br>£'000 | 2019<br>£'000 |
|---|------|---------------|---------------|---------------|---------------|
| <b>Current assets</b>                                 |      |               |               |               |               |
| Stocks  | 8    | 1,629         |               | 1,866         |               |
| Debtors: amounts due within one year                  | 9    | 260,763       |               | 276,174       |               |
| Investments   | 10   | 133,582       |               | 151,579       |               |
| Cash at bank and in hand                              |      | 2,991         |               | -             |               |
|   |      |               | 398,965       |               | 429,619       |
| <b>Creditors: amounts falling due within one year</b> | 11   |               | (271,300)     |               | (294,287)     |
| <b>Net assets</b>                                     |      |               | 127,665       |               | 135,332       |
| <b>Capital and reserves</b>                           |      |               |               |               |               |
| Called up share capital                               | 12   |               | 100           |               | 100           |
| Capital contribution                                  | 13   |               | 32,714        |               | 32,714        |
| Profit and loss account                               | 13   |               | 94,851        |               | 102,518       |
| <b>Total equity</b>                                   |      |               | 127,665       |               | 135,332       |

The notes on pages 15 to 21 form an integral part of these financial statements.

The financial statements on pages 12 to 21 were approved by the Board of Directors on 29 September 2020 and signed on its behalf by:



J Clougherty  
Director

Company registration number: 2016555

# FIL Investment Services (UK) Limited

## Statement of changes in equity for the year ended 30 June 2020

|   | Note | Called up<br>share<br>capital<br>£'000 | Capital<br>contribution<br>£'000 | Profit and<br>loss<br>account<br>£'000 | Total<br>equity<br>£'000 |
|---|------|--|----------------------------------|--|--------------------------|
| <b>At 1 July 2018</b>                   |      | <b>100</b>                             | <b>32,714</b>                    | <b>71,829</b>                          | <b>104,643</b>           |
| Profit for the year                     |      | -                                      | -                                | 60,689                                 | 60,689                   |
| Total comprehensive income for the year |      | -                                      | -                                | 60,689                                 | 60,689                   |
| Dividends                               | 7    | -                                      | -                                | (30,000)                               | (30,000)                 |
| <b>At 30 June 2019</b>                  |      | <b>100</b>                             | <b>32,714</b>                    | <b>102,518</b>                         | <b>135,332</b>           |
| Profit for the year                     |      | -                                      | -                                | 61,333                                 | 61,333                   |
| Total comprehensive income for the year |      | -                                      | -                                | 61,333                                 | 61,333                   |
| Dividends                               | 7    | -                                      | -                                | (69,000)                               | (69,000)                 |
| <b>At 30 June 2020</b>                  |      | <b>100</b>                             | <b>32,714</b>                    | <b>94,851</b>                          | <b>127,665</b>           |

The notes on pages 15 to 21 form an integral part of these financial statements.



# FIL Investment Services (UK) Limited

Notes forming part of the financial statements  
for the year ended 30 June 2020

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## 1 Accounting policies

### *General information*

FIL Investment Services (UK) Limited is a private company limited by shares and incorporated in England. The registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP.

### *Statement of compliance*

The financial statements of FIL Investment Services (UK) Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### *Basis of preparation*

The financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards on the historical cost basis, except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

### *Judgements and key sources of estimation uncertainty*

The preparation of financial statements requires company management to make judgements, estimates and assumptions in applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas involving a high degree of judgement or complexity, or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### *Turnover*

Turnover, which arises within the United Kingdom and excludes value added tax, is accounted for on an accruals basis and recognised as earned.

Accounts receivable from revenues include both earned and unbilled items as well as billed items pending collection. Accounts receivable are reported at book value less allowance for doubtful accounts.

### *Stocks*

Stocks consist of investments held for fund management and transfer agency operational purposes, comprising holdings in Fidelity International funds. These are recognised at fair value with changes in fair value recognised in profit and loss.

### *Current asset investments*

Current asset investments comprise investments in mutual and collective funds and money market deposits and are measured at fair value with changes in fair value recognised in profit or loss.

### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

# FIL Investment Services (UK) Limited

## Notes forming part of the financial statements for the year ended 30 June 2020 (continued)

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### 1 Accounting policies (continued)

#### *Debtors*

Short-term debtors, with no stated interest rate and receivable within one year, are measured at transaction price less any impairment. Any losses arising from impairment are recognised in the profit and loss account. All debt instruments which are basic financial instruments are measured at amortised cost using the effective interest method, less any impairment.

#### *Creditors*

Short-term creditors, with no stated interest rate and payable within one year, are measured at transaction price. Other financial liabilities are measured at amortised cost.

#### *Financial instruments*

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### *Current and deferred tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

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

#### *Foreign currency translation*

Monetary assets and liabilities of the company expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling on the date of the transaction. Translation differences are recognised in the profit and loss account.

Profits and losses of foreign branches are translated into sterling at the average rates of exchange during the year. Exchange differences arising when the profit and loss accounts are compared with rates ruling at the year-end are recognised in other comprehensive income.

#### *Dividends*

Dividends are recognised in the period in which they are appropriately authorised and declared.

# FIL Investment Services (UK) Limited

Notes forming part of the financial statements  
for the year ended 30 June 2020 (*continued*)

## 1 Accounting policies (*continued*)

### *Pension costs*

Another group company, FIL Investment Management Limited ("FIML"), operates a self-administered defined contribution scheme in which eligible employees of the group headed by FHL and directors of the company participate. The company is allocated an amount of FIML's expense through an expense allocation. A full description of the plan is included in the FIML financial statements.

## 2 Turnover

|                            | 2020<br>£'000  | 2019<br>£'000  |
|----------------------------|----------------|----------------|
| Investment management fees | 305,547        | 308,749        |
| Other income               | 55             | 281            |
|                            | <u>305,602</u> | <u>309,030</u> |

## 3 Operating profit

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| This is arrived at after charging/(crediting): |               |               |
| Intra-group expense allocation                 | 42,583        | 35,461        |
| Exchange differences                           | (21)          | 5             |
|  | <u></u>       | <u></u>       |

The company does not have any employees (2019: none). FIML employs all staff. A number of operating expenses, including staff costs, have been initially paid by FIML and allocated to the company.

Fees paid to the company's auditors, PricewaterhouseCoopers LLP for services other than the statutory audit of the company are not disclosed in the company's financial statements since they are disclosed in the consolidated financial statements of FHL, which is required to disclose non-audit fees on a consolidated basis. Auditors' remuneration for audit and non-audit services has been borne by FIML.

The audit fees for the company are £63,000 (2019: £60,000).

## 4 Directors' remuneration

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Directors' emoluments                                 | 270           | 488           |
| Company contributions to defined contribution schemes | 1             | 5             |
| Compensation for loss of office                       | -             | 37            |
|   | <u>271</u>    | <u>530</u>    |

During the year, retirement benefits were accruing to 1 director (2019: 3) under a defined contribution scheme.

Emoluments of the highest paid director were £102,000 (2019: £174,000). Company pension contributions of £nil (2019: £nil) were made to a defined contribution scheme on their behalf.

# FIL Investment Services (UK) Limited

Notes forming part of the financial statements  
for the year ended 30 June 2020 (continued)

## 5 Interest receivable and similar income

|                                       | 2020<br>£'000 | 2019<br>£'000 |
|---------------------------------------|---------------|---------------|
| Bank interest receivable              | -             | 4             |
| Income from current asset investments | 959           | 985           |
|                                       | <u>959</u>    | <u>989</u>    |

## 6 Tax

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| <i>Current tax</i>   |               |               |
| UK corporation tax on profits for the year                       | 2,646         | 3,218         |
| Adjustment in respect of previous periods                        | (844)         | (354)         |
| Amount payable to FIL group companies in respect of group relief | 11,313        | 10,752        |
| Adjustment to group relief in respect of previous periods        | -             | 206           |
| Foreign Taxes  | 1             | -             |
|  | <u>13,116</u> | <u>13,822</u> |
| Tax on profit on ordinary activities                             |               |               |

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax  | <u>74,449</u> | <u>74,511</u> |
| Profit on ordinary activities at the standard rate of UK corporation tax of 19% (2019: 19%) | 14,145        | 14,157        |
| Effects of:   |               |               |
| Adjustment in respect of previous periods   | (844)         | (354)         |
| Adjustment to group relief in respect of previous periods                                   | -             | 206           |
| Compensating adjustments  | <u>(185)</u>  | <u>(187)</u>  |
| Total tax charge for year   | <u>13,116</u> | <u>13,822</u> |

In 2020 the company claimed tax losses of £59,540,000 (2019: £56,592,000) as group relief from FIL group companies for consideration of £11,313,000 (2019: £10,752,000).

During Budget 2020, the government announced that the Corporation Tax rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%, rather than reducing to 17% as previously announced.

## 7 Dividends

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Equity - Ordinary shares                       |               |               |
| Interim paid of £690 (2019: £300) per £1 share | <u>69,000</u> | <u>30,000</u> |

The directors have not proposed a final dividend for the year ended 30 June 2020 (2019: £nil).

# FIL Investment Services (UK) Limited

Notes forming part of the financial statements  
for the year ended 30 June 2020 (continued)

## 8 Stocks

|                         | 2020<br>£'000 | 2019<br>£'000 |
|-------------------------|---------------|---------------|
| Stocks of fund holdings | <u>1,629</u>  | <u>1,866</u>  |

## 9 Debtors: amounts falling due within one year

|                                     | 2020<br>£'000  | 2019<br>£'000  |
|-------------------------------------|----------------|----------------|
| Trade debtors - customers and funds | 233,695        | 248,944        |
| Amounts owed by group undertakings  | 168            | 20             |
| Other debtors                       | <u>26,900</u>  | <u>27,210</u>  |
|                                     | <u>260,763</u> | <u>276,174</u> |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## 10 Current asset investments

|  | 2020<br>£'000  | 2019<br>£'000  |
|--|----------------|----------------|
| Mutual and collective fund investments | <u>133,582</u> | <u>151,579</u> |

## 11 Creditors: amounts falling due within one year

|                                       | 2020<br>£'000  | 2019<br>£'000  |
|---------------------------------------|----------------|----------------|
| Bank loans and overdrafts             | -              | 244            |
| Trade creditors - customers and funds | 234,687        | 247,545        |
| Amounts owed to group undertakings    | 23,945         | 31,771         |
| Corporation tax                       | 4,873          | 6,731          |
| Other creditors                       | <u>7,795</u>   | <u>7,996</u>   |
|                                       | <u>271,300</u> | <u>294,287</u> |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## 12 Called up share capital

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| <i>Allotted, called up and fully paid</i>          |               |               |
| 100,000 (2019: 100,000) ordinary shares of £1 each | <u>100</u>    | <u>100</u>    |

# FIL Investment Services (UK) Limited

Notes forming part of the financial statements  
for the year ended 30 June 2020 (continued)

## 13 Reserves

### *Capital contribution*

Capital contribution records the amount of equity capital contributed to the company by its parent undertaking which has not been made in exchange for shares issued.

### *Profit and loss account*

This reserve includes all current and prior year retained profits and losses.

## 14 Contingent liabilities and guarantees

The company, along with certain other FHL group companies, has entered into an arrangement whereby the balance on its bank account is subject to a legal set off agreement, and the company is jointly and severally liable for any liabilities which may arise under this agreement. The bank facility is secured by way of a cross guarantee between the companies in the netting agreement.

As at 30 June 2020 the net bank balance on FHL group accounts held within the arrangement was £21,333,000 (2019: net overdraft balance of 12,528,000). The overdraft interest rate as at 30 June 2020 was the Bank of England base rate plus 1.35%.

## 15 Financial instruments

The company's financial instruments may be analysed as follows:

|   | 2020<br>£'000  | 2019<br>£'000  |
|---|----------------|----------------|
| <b>Financial assets</b>   |                |                |
| Financial assets measured at fair value through profit or loss        | 135,211        | 153,445        |
| Financial assets that are debt instruments measured at amortised cost | <u>260,763</u> | <u>276,174</u> |
| <b>Financial liabilities</b>  |                |                |
| Financial liabilities measured at amortised cost                      | <u>266,427</u> | <u>287,556</u> |

Financial assets measured at fair value through profit or loss comprises stocks and current asset investments.

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and amounts owed to group undertakings.

## 16 Statement of cash flows and related party transactions

The company has taken advantage of the exemption permitted by section 1.12 of FRS 102 from preparing a statement of cash flows. The company is a subsidiary of FIL Holdings (UK) Limited and is included in its consolidated financial statements which are publicly available.

The company has also taken advantage of the exemption permitted by section 33.1A of FRS 102 not to disclose related party transactions with entities that are wholly owned subsidiaries of the FIL Limited group.

The company is regarded under FRS 102 as a related party with the underlying collective investment funds that it manages by virtue of the influence it has over their operations. Amounts paid to the company in respect of investment management and administration fees totalled £305,547,000 (2019: £308,725,000) for the year and amounts due at 30 June 2020 are £26,018,000 (2019: £26,858,000).

# FIL Investment Services (UK) Limited

Notes forming part of the financial statements  
for the year ended 30 June 2020 (*continued*)

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## 17 Ultimate parent undertaking and controlling party

The immediate parent undertaking is FIL Holdings (UK) Limited, a company registered in England and Wales. This is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 June 2020. The consolidated financial statements of FIL Holdings (UK) Limited may be obtained from The Company Secretary, FIL Administration Limited, 4 Cannon Street, London, England, EC4M 5AB.

The ultimate parent undertaking and controlling party is FIL Limited, a company incorporated in Bermuda. FIL Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements.