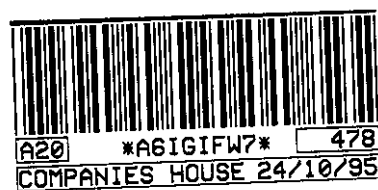


**FIDELITY INVESTMENT SERVICES  
LIMITED**

**(Registered no: 2016555)**

**Annual Report  
for the year ended 30 June 1995**

95FISL



## **FIDELITY INVESTMENT SERVICES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1995**

The directors submit their annual report and financial statements for the year ended 30 June 1995 to be presented to the annual general meeting of the company.

#### **Principal 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.

The company is a member of the Investment Management Regulatory Organisation (IMRO).

#### **Review of business and future developments**

The year end financial position remains satisfactory. The business should continue to operate profitably during the next year, particularly if recent improvements in the markets continue, although the tight control of costs remains critical.

The results of the company for the year are set out in the profit and loss account on page 5. The retained profit of £757,000 has been transferred to reserves.

#### **Dividend**

The directors do not recommend the payment of a dividend.

#### **Directors**

The directors of the company at 30 June 1995, all of whom have been directors for the whole year ended on that date unless otherwise stated, are listed below:

E C Johnson 3rd (Chairman)  
B R J Bateman  
R G Aspinall - resigned 30 September 1994  
M E Blair  
A J Bolton  
E M Boyle  
M P Cambridge  
T M Chellew - resigned 7 July 1995  
G S Clapp  
P G Edwards  
S J Fraser  
R C Habermann - resigned 15 July 1994  
P J Holland  
I R Knock - resigned 18 January 1995  
P J Pleydell-Bouverie  
T Robinson - resigned 16 September 1994  
B R Russell - resigned 3 August 1994  
R M Sylvain  
P D Talbot  
S E Walden  
M K Wooller - resigned 30 April 1995  
M A Wrobel - resigned 21 August 1994

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

## **FIDELITY INVESTMENT SERVICES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1995 - continued**

#### **Directors' interests in shares**

The interests of E C Johnson 3rd in Fidelity International Investment Advisors (UK) Limited are disclosed in the accounts of the immediate parent company, Fidelity Investment Management Limited.

No other director had any disclosable interest in the shares of the company or any other group company at any time during the year.

#### **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.

#### **Registered auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

#### **By order of the board**



**M P Cambridge**  
**Company Secretary**  
**3 August 1995**

Registered Office  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
TONBRIDGE  
Kent  
TN11 9DZ

## **FIDELITY INVESTMENT SERVICES LIMITED**

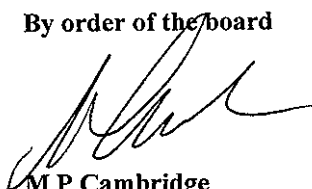
### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

A handwritten signature in dark ink, appearing to be 'M P Cambridge', written over the printed name.

**M P Cambridge**  
**Company Secretary**  
**3 August 1995**

## **FIDELITY INVESTMENT SERVICES LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF FIDELITY INVESTMENT SERVICES LIMITED**

We have audited the financial statements on pages 5 to 13.

#### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

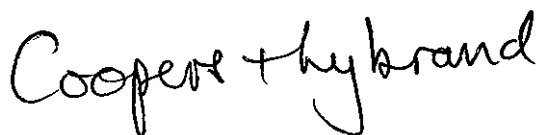
#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads "Coopers & Lybrand".

**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**  
**London**  
**3 August 1995**

# FIDELITY INVESTMENT SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
<b>Turnover</b>		43,188	41,713
Cost of sales		(10,753)	(12,562)
		-----	-----
<b>Gross profit</b>		32,435	29,151
Administrative expenses		(31,864)	(27,026)
		-----	-----
<b>Operating profit</b>		571	2,125
Interest receivable and similar income	4	156	218
Interest payable and similar charges	5	(115)	(33)
		-----	-----
<b>Profit on ordinary activities before taxation</b>	6	612	2,310
Taxation on ordinary activities	7	145	(1,035)
		-----	-----
<b>Profit on ordinary activities after taxation</b>		757	1,275
Accumulated losses brought forward		(659)	(1,934)
		-----	-----
<b>Retained earnings/(accumulated losses) carried forward</b>		98	(659)
		=====	=====

All businesses are regarded as continuing.

The company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

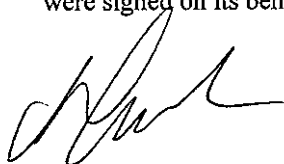
The notes on pages 7 to 13 form part of these financial statements

# FIDELITY INVESTMENT SERVICES LIMITED

## BALANCE SHEET - 30 JUNE 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
<b>Current assets</b>			
Stock of units	1(c)	254	131
Debtors: amounts falling due within one year	8	9,535	56,394
Cash at bank and in hand	13(b)	25,802	20,078
		<u>35,591</u>	<u>76,603</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(27,679)</u>	<u>(69,448)</u>
<b>Net assets</b>		<u>7,912</u>	<u>7,155</u>
 <b>Capital and reserves</b>			
Called up share capital	11	100	100
Capital contribution		7,714	7,714
Profit and loss account		98	(659)
<b>Equity shareholders' funds</b>	12	<u>7,912</u>	<u>7,155</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 3 August 1995 and were signed on its behalf by



**M P Cambridge**  
Director

The notes on pages 7 to 13 form part of these financial statements

# **FIDELITY INVESTMENT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 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, which have been applied consistently, 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) Stock of units

Stock of units held in the manager's box are stated at the lower of cost and net realisable value. In general, 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 taxation at the rate of corporation tax that is expected to apply when the timing difference is expected to reverse (the liability method), to the extent that it is probable that a liability or asset will crystallise.

e) Foreign currencies

Assets and liabilities 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 included in profit before taxation.



# FIDELITY INVESTMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 1 Principal accounting policies - continued

f) Pension scheme arrangements

The company operates a self-administered pension scheme open to all employees over 24 years of age. The scheme is a modified 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 contributions are payable to the scheme.

g) Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

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 Standard number one from producing a cash flow statement.

### 2 Directors' emoluments

Emoluments of directors (including pension contributions):

	<u>1995</u> £'000	<u>1994</u> £'000
For management services	2,083	3,013
Compensation for loss of office	171	33
	<u>2,254</u>	<u>3,046</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	<u>1995</u> £'000	<u>1994</u> £'000
The Chairman	-	-
The highest paid director	<u>394</u>	<u>352</u>

# FIDELITY INVESTMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 2 Directors' emoluments - continued

The number of directors (including the Chairman and highest paid director) who received fees and other emoluments (excluding pension contributions) in each of the following ranges was:

				<u>1995</u>	<u>1994</u>
Up to	-	£	5,000	4	5
£ 10,001	-	£	15,000	2	1
£ 20,001	-	£	25,000	1	-
£ 30,001	-	£	35,000	1	-
£ 40,001	-	£	45,000	-	1
£ 50,001	-	£	55,000	3	1
£ 55,001	-	£	60,000	2	-
£ 60,001	-	£	65,000	-	1
£ 70,001	-	£	75,000	-	2
£ 75,001	-	£	80,000	1	-
£ 90,001	-	£	95,000	-	1
£ 95,001	-	£	100,000	-	1
£ 105,001	-	£	110,000	-	1
£ 110,001	-	£	115,000	-	1
£ 120,001	-	£	125,000	2	-
£ 130,001	-	£	135,000	1	1
£ 140,001	-	£	145,000	1	-
£ 150,001	-	£	155,000	-	1
£ 160,001	-	£	165,000	1	-
£ 165,001	-	£	170,000	-	1
£ 175,001	-	£	180,000	-	1
£ 180,001	-	£	185,000	-	1
£ 185,001	-	£	190,000	-	1
£ 200,001	-	£	205,000	1	-
£ 210,001	-	£	215,000	-	1
£ 215,001	-	£	220,000	1	-
£ 240,001	-	£	245,000	-	1
£ 255,001	-	£	260,000	-	1
£ 350,001	-	£	355,000	-	1
£ 390,001	-	£	395,000	1	-

# FIDELITY INVESTMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 3 Employee information

- a) The average number of persons employed by the company during the year, including directors, was 629 (1994 - 478).
- b) The aggregate amounts payable for the year for all employees including directors were:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Salaries	26,227	21,216
Social security costs	2,395	1,510
Pension contributions (see note 1 (f))	1,847	1,369
	<u>30,469</u>	<u>24,095</u>

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

All employee's Contracts of Service are with another UK group company but their wages and salaries are initially paid by Fidelity Investment Services Limited. Some of the staff costs shown above are subsequently allocated to other UK group companies.

### 4 Interest receivable and similar income

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Interest receivable on tax repayments	2	19
Other interest receivable	154	199
	<u>156</u>	<u>218</u>

### 5 Interest payable and similar charges

	<u>1995</u>	<u>1994</u>
	£'000	£'000
On bank loans, overdrafts and other loans		
Repayable within 5 years, not by instalments	113	-
Repayable within 5 years, by instalments	-	-
On overdue taxation	2	22
Other interest payable	-	11
	<u>115</u>	<u>33</u>

# FIDELITY INVESTMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 6 Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after charging:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Auditors' remuneration for audit services	55	55
Auditors' remuneration for other services	652	675
Operating lease charges:		
Hire of plant and machinery	7,165	4,399
Hire of other assets	2,007	1,416

### 7 Taxation

- a) The charge for taxation on the profit on ordinary activities is made up as follows:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
United Kingdom corporation tax at 33%		
Current	-	608
Deferred	-	-
Tax on franked investment income	312	353
(Overprovision)/underprovision in prior years	(457)	74
	<u>(145)</u>	<u>1,035</u>

- b) No provision has been made for deferred taxation as it is not considered that a potential liability exists.

### 8 Debtors: amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Trade debtors	7,729	55,315
Prepayments and accrued income	1,124	509
Other debtors	682	570
	<u>9,535</u>	<u>56,394</u>

# FIDELITY INVESTMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 9 Creditors: amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Trade creditors	7,738	55,687
Amount owed to parent company	3,511	235
Other creditors including taxation and social security (note 10)	2,732	2,909
Accruals and deferred income	13,698	10,617
	-----	-----
	<u>27,679</u>	<u>69,448</u>

### 10 Other creditors including taxation and social security

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Corporation tax	15	833
PAYE and social security	840	765
VAT	540	438
Other creditors	1,337	873
	-----	-----
	<u>2,732</u>	<u>2,909</u>

### 11 Called up share capital

	<u>1995</u>	<u>1994</u>
	Authorised, issued, called up and fully paid	Authorised, issued, called up and fully paid
100,000 Ordinary shares of £1 each	<u>£100,000</u>	<u>£100,000</u>

### 12 Reconciliation of movements in shareholders' funds

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Profit for financial year	757	1,275
Opening shareholders' funds	7,155	5,880
	-----	-----
Closing shareholders' funds	<u>7,912</u>	<u>7,155</u>

## FIDELITY INVESTMENT SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 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 1995, of the £25,802,000 cash at bank and in hand, £25,726,061 was held within the grouping arrangement. At the same date the net bank overdraft on group accounts held within the arrangement was £1,086,577 (1994 net bank balance: £5,077,595). 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, to 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.

#### 14 Financial commitments

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

	Leases of land and buildings 1995 £'000	Leases of land and buildings 1994 £'000
Within one year	-	20
Between two and five years	5	13
After 5 years	2,197	1,382
	<u>2,202</u>	<u>1,415</u>

#### 15 Holding company

The immediate holding company, for which consolidated accounts are prepared, is Fidelity Investment Management Limited, a company registered in England and Wales. Copies of the immediate holding company's consolidated financial statements may be obtained from the Secretary, Fidelity Investment Management Limited, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent, TN11 9DZ.

The ultimate holding company is Fidelity International Limited, which is incorporated in Bermuda.