

**FIDELITY INVESTMENT MANAGEMENT
LIMITED**

(Registered no : 2349713)

**Annual Report
for the year ended 30 June 1996**

96FIML



FIDELITY INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1996

The directors submit their annual report and financial statements for the year ended 30 June 1996, to be presented at the annual general meeting of the company.

Principal activities

The company acts as a group holding company and provides administration and other services to group members. The group will continue to be actively involved in the management and distribution of unit trusts, Fidelity Funds and Fidelity Money Funds and the management of pension funds.

Review of business and future developments

Strong investment performance in most major markets and excellent relative performance by Fidelity's fund managers have led to a strong level of sales and enhanced profitability for the group. Repetition of this level of profits in future years will continue to be dependent on market strength and investor confidence.

The results of the group for the year are set out in the profit and loss account on page 5.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year ended 30 June 1996, all of whom have been directors for the whole year, unless otherwise stated, are listed below:

E C Johnson 3rd (Chairman)
B R J Bateman
A J Bolton
M P Cambridge
S M Haslam (appointed 8 January 1996)

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

Fixed assets

In the opinion of the directors there is no difference of significance to the shareholders between the market value and the book value of the group's freehold properties at 30 June 1996.

FIDELITY INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT - Continued

Directors' interests in shares

The interests of E C Johnson 3rd in shares of Fidelity International Investment Advisors (UK) Limited, according to the register required to be kept by section 325 of the Companies Act 1985, are as follows:

	<u>30 June 1996</u>	<u>30 June 1995</u>
	A Ordinary Shares	A Ordinary Shares
	£0.25 shares	£0.25 shares
E C Johnson 3rd	Nil	400

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

Employees

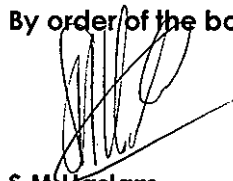
There are no formal policies for consultation with employees on matters likely to affect their interests; however, information of concern to employees is given in regular information bulletins. Involvement of employees in the group's performance is encouraged by means of a performance related bonus and through the participation of certain employees as shareholders in the ultimate holding company.

The group'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



S M Haslam
Company Secretary
2 September 1996

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

FIDELITY INVESTMENT MANAGEMENT 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 and the group as at the end of the financial year and of the profit or loss of the group 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 1996. 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 of the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



**S.M. Haslam
Company Secretary
2 September 1996**

FIDELITY INVESTMENT MANAGEMENT LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF FIDELITY INVESTMENT MANAGEMENT LIMITED

We have audited the financial statements on pages 5 to 22.

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.

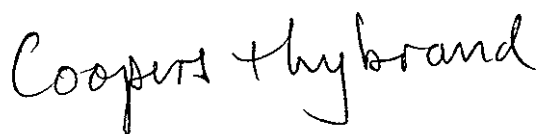
Basis of opinion

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 have 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 and the group at 30 June 1996 and of the profit, total recognised gains and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
2 September 1996

FIDELITY INVESTMENT MANAGEMENT LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
30 JUNE 1996**

	<u>Notes</u>	<u>1996</u> £'000	<u>1995</u> £'000
Turnover		96,530	85,490
Cost of sales		(17,103)	(18,538)
		-----	-----
Gross profit		79,427	66,952
Administrative expenses		(73,891)	(63,981)
Amortisation of goodwill	8	(1,051)	(1,051)
		-----	-----
Operating profit		4,485	1,920
Interest receivable and similar income	4	495	483
Interest payable and similar charges	5	(480)	(508)
		-----	-----
Profit on ordinary activities before taxation	6	4,500	1,895
Tax on ordinary activities	7	(2,434)	(1,175)
		-----	-----
Profit on ordinary activities after taxation		2,066	720
Minority interest		(39)	(23)
		-----	-----
Retained profit for the year		2,027	697
		=====	=====

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.

All businesses are regarded as continuing.

The notes on pages 9 to 22 form part of these financial statements.

FIDELITY INVESTMENT MANAGEMENT LIMITED

BALANCE SHEETS AT 30 JUNE 1996

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<u>1996</u> £'000	<u>1995</u> £'000	<u>1996</u> £'000	<u>1995</u> £'000
Fixed assets					
Intangible assets	8	13,661	14,712	-	-
Tangible assets	9	36,583	37,166	-	-
Interests in group undertakings	10	-	-	42,421	39,531
		<u>50,244</u>	<u>51,878</u>	<u>42,421</u>	<u>39,531</u>
Current assets					
Stock of units		340	254	-	-
Debtors: amounts falling due within one year	11	121,744	13,100	21,094	12,784
Investments	12	90	65	-	-
Cash at bank and in hand	13	7,586	1,248	1,847	-
		<u>129,760</u>	<u>14,667</u>	<u>22,941</u>	<u>12,784</u>
Creditors: amounts falling due within one year	14	<u>(141,538)</u>	<u>(29,894)</u>	<u>(23,517)</u>	<u>(9,634)</u>
Net current (liabilities)/assets		<u>(11,778)</u>	<u>(15,227)</u>	<u>(576)</u>	<u>3,150</u>
Total assets less current liabilities		38,466	36,651	41,845	42,681
Creditors: amounts falling due after more than one year	16	(4,429)	(4,715)	(4,185)	(4,715)
Provisions for liabilities and charges					
Deferred taxation	7(b)	(493)	(467)	-	-
Net assets		<u>33,544</u>	<u>31,469</u>	<u>37,660</u>	<u>37,966</u>
Capital and reserves					
Called up share capital	22	30,000	30,000	30,000	30,000
Other reserves	23	1,503	1,503	1,503	1,503
Profit and loss account	23	1,813	(163)	6,157	6,463
Equity shareholders' funds		33,316	31,340	37,660	37,966
Minority interests - equity		228	129	-	-
		<u>33,544</u>	<u>31,469</u>	<u>37,660</u>	<u>37,966</u>

The financial statements on pages 5 to 22 were approved by the Board of Directors on 2 September 1996 and were signed on its behalf by


S M Haslam
Director

The notes on pages 9 to 22 form part of these financial statements

FIDELITY INVESTMENT MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 1996**

	<u>1996</u> £'000	<u>1995</u> £'000
Profit for the year	2,027	697
Currency translation differences on foreign currency net investments	(51)	(222)
	-----	-----
Total recognised gains	1,976	475
	=====	=====

The notes on pages 9 to 22 form part of these financial statements

FIDELITY INVESTMENT MANAGEMENT LIMITED

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
30 JUNE 1996**

	<u>Notes</u>	<u>1996</u> £'000	<u>1996</u> £'000	<u>1995</u> £'000	<u>1995</u> £'000
Net cash inflow from operating activities	18		15,311		10,999
Returns on investments and servicing of finance					
Interest received		495		483	
Interest paid		(480)		(508)	
		-----		-----	
Net cash inflow/(outflow) from returns on investments and servicing of finance			15		(25)
Taxation					
Corporation tax paid			(1,127)		(944)
Investing activities					
Purchase of tangible fixed assets		(9,400)		(15,612)	
Sale of tangible fixed assets		582		40	
		-----		-----	
Net cash outflow from investing activities			(8,818)		(15,572)
Net cash inflow/(outflow) before financing			5,381		(5,542)
Financing					
Capital contribution from minority		60		-	
New loans		-		5,344	
Loan repayments	21	(649)		(5,978)	
		-----		-----	
Net cash outflow from financing			(589)		(634)
Increase/(decrease) in cash and cash equivalents	19		----- 4,792 =====		----- (6,176) =====

The notes on pages 9 to 22 form part of these financial statements

FIDELITY INVESTMENT MANAGEMENT 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 significant accounting policies, which have been applied consistently, is set out below:

a) Historical cost convention

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

b) Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

c) Turnover

Turnover, which arises primarily in Europe and excludes Value Added Tax, comprises:

- i) net revenues receivable from the sale of units including franked investment income.
- ii) investment management and investment advisory fees and commissions receivable.

d) Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is eliminated by amortisation on a straight line basis over its expected useful life of 20 years.

e) Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

1 Principal accounting policies (continued)

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are

	%
Freehold property	2
Leasehold improvements	25
Office equipment	25 to 33 1/3
Computer equipment	33 1/3
Fixtures and fittings	25
Motor vehicles	25

In the year of acquisition depreciation is charged from the month following purchase; a full charge is made in the month of disposal.

f) Interests in group undertakings

Interests in group undertakings where purchased are stated at cost and where received by way of capital contribution are stated at net asset value; except where, in the opinion of the directors, there has been a permanent diminution in the value of the interest.

g) 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, 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.

h) Foreign currencies

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average rate of exchange for the year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies, and from the translation of the results of those companies at average rates, are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

i) 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.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

1 Principal accounting policies (continued)

j) Pension scheme arrangements

The group 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 pension costs are charged to the profit and loss account on an accruals basis in the period in which contributions are payable to the scheme.

k) Leased assets

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

2 Directors' emoluments

Emoluments of directors (including pension contributions):

	<u>1996</u> £'000	<u>1995</u> £'000
For management services	1,296	1,111
	-----	-----
	<u>1,296</u>	<u>1,111</u>
	=====	=====

Emoluments (excluding pensions contributions) include amounts paid to:

	<u>1996</u> £'000	<u>1995</u> £'000
The chairman	-	-
The highest paid director	628	563
	=====	=====

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

	<u>1996</u>	<u>1995</u>
Up to - £ 5,000	1	2
£ 90,001 - £ 95,000	1	-
£ 125,001 - £ 130,000	-	1
£ 130,001 - £ 135,000	1	-
£ 300,001 - £ 305,000	-	1
£ 310,001 - £ 315,000	1	-
£ 560,001 - £ 565,000	-	1
£ 625,001 - £ 630,000	1	-

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

3 Employee information

- a) The average number of persons employed by the group during the year, including directors, was 718 (1995 - 643).
- b) The aggregate amounts payable for the year for all employees including directors was:

	<u>1996</u> £'000	<u>1995</u> £'000
Salaries and bonus	33,765	26,745
Social security costs	2,948	2,548
Pension contributions (see note 1(j))	2,220	1,847
	-----	-----
	38,933	31,140
	=====	=====

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

4 Interest receivable and similar income

	<u>1996</u> £'000	<u>1995</u> £'000
Repayment supplement on taxation refund	-	2
Other interest receivable	495	481
	-----	-----
	495	483
	=====	=====

5 Interest payable and similar charges

	<u>1996</u> £'000	<u>1995</u> £'000
On bank loans, overdrafts and other loans	480	506
On overdue taxation	-	2
	-----	-----
	480	508
	=====	=====

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

6 Profit on ordinary activities before taxation

	<u>1996</u> £'000	<u>1995</u> £'000
The profit on ordinary activities before taxation is stated after charging/(crediting)		
Loss on disposal of tangible fixed assets	132	(16)
Depreciation	9,253	7,040
Operating lease rentals - property	2,157	2,665
- plant and machinery	121	43
Auditors' remuneration for audit services (Company £17,000: 1995 £7,000)	121	118
Auditors' remuneration for other services (Company £252,000: 1995 £2,000)	287	697
	=====	=====

7 Taxation

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

	<u>1996</u> £'000	<u>1995</u> £'000
United Kingdom Corporation Tax at 33%:		
Current	1,825	759
Deferred	26	(96)
Tax on franked investment income	399	311
Overseas tax	160	179
Underprovision in prior years	24	22
	-----	-----
	2,434	1,175
	=====	=====

The taxation charge for the year has been increased by the incidence of a deferred tax asset which will not reverse in the foreseeable future and for which no credit has therefore been taken. In addition no tax relief is available in respect of the amortisation of goodwill.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

7 Taxation (Continued)

b) The movement on the group provision for deferred taxation is as follows:

	<u>1996</u> £'000	<u>1995</u> £'000
At 1 July	467	563
Transfer from/(to) profit and loss account	26	(96)
	-----	-----
At 30 June	493	467
	=====	=====

c) There was no deferred taxation provision and no potential liability in the company. The provision made and full potential liability for deferred taxation of the group were as follows:

	<u>1996</u>		<u>1995</u>	
	Provision <u>Made</u> £'000	Full Potential <u>Liability</u> £'000	Provision <u>Made</u> £'000	Full Potential <u>Liability</u> £'000
Tax effect of timing differences due to the excess of tax allowances over depreciation	493	493	467	467
	===	===	===	===

8 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 July 1995	21,018
Additions	-

At 30 June 1996	21,018

Amortisation	
At 1 July 1995	6,306
Charge for year	1,051

At 30 June 1996	7,357

Net book value	
At 30 June 1996	13,661
	=====
Net book value	
At 30 June 1995	14,712
	=====

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

8 Intangible fixed assets (Continued)

The goodwill above represents the excess of the fair value of the consideration given for acquisition of subsidiary undertakings over the fair value of the identifiable net assets acquired. It is eliminated by amortisation on a straight line basis over its expected useful life of 20 years.

9 Tangible assets - the group

	Freehold property	Leasehold improve- ments	Office equipment	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 July 1995	19,634	5,341	5,931	23,576	5,665	342	60,489
Exchange differences	-	(5)	(4)	(6)	(11)	-	(26)
Additions	868	324	1,145	6,472	566	25	9,400
Disposals	(297)	-	-	(1,602)	-	(113)	(2,012)
At 30 June 1996	20,205	5,660	7,072	28,440	6,220	254	67,851
Depreciation							
At 1 July 1995	2,122	1,328	3,250	13,512	2,930	181	23,323
Exchange differences	-	(2)	(2)	(2)	(4)	-	(10)
Charge for year	391	502	1,306	5,939	1,041	74	9,253
Disposals	(5)	-	-	(1,221)	-	(72)	(1,298)
At 30 June 1996	2,508	1,828	4,554	18,228	3,967	183	31,268
Net book value at 30 June 1996	17,697	3,832	2,518	10,212	2,253	71	36,583
Net book value at 30 June 1995	17,512	4,013	2,681	10,064	2,735	161	37,166

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Interests in group undertakings

The company's investments, none of which are listed investments, are made up as follows:

	Interests in group undertakings
	----- £'000
Cost or valuation	
At 1 July 1995	39,531
Additions	2,890

At 30 June 1996	42,421
	=====

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiaries which, in the opinion of the directors, principally affected the results or assets of the group. The country of incorporation or registration is the principal place of operation of each company.

Name of company	Description of shares held	Proportion of nominal value of issued shares held	Country of incorporation or registration
-----	-----	----- %	-----
Fidelity Investments International	Ordinary £1 shares	98.00	England & Wales
Fidelity Investment Services Limited	Ordinary £1 shares	100.00	England & Wales
Fidelity Investments Limited	Ordinary £1 shares	100.00	England & Wales
Fidelity Property Company Limited	Ordinary £1 shares	100.00	England & Wales
Fidelity Administration Services Limited	Ordinary £1 shares	100.00	England & Wales
Fidelity Pensions Management	Ordinary £1 shares	98.00	England & Wales
Fidelity International Investment Advisors (UK) Limited	Ordinary £0.25 shares	99.76	England & Wales
Fidelity Investment Services GmbH	Ordinary 1 DM	100.00	Germany
Fidelity Investissements SA	Ordinary 1 FF	100.00	France

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Fixed asset investments - continued

The principal business activities of these subsidiaries are:

Fidelity Investments International (IMRO Member)	- distributor of Fidelity's funds and investment management
Fidelity Investment Services Limited (IMRO Member)	- the management and distribution of authorised unit trusts
Fidelity Investments Limited (IMRO Member)	- investment portfolio management service
Fidelity Property Company Limited	- development of property for investment purposes
Fidelity Administration Services Limited	- provision of administrative services and hiring of fixed assets
Fidelity Pensions Management (IMRO Member)	- the management of pension fund portfolios
Fidelity International Investment Advisors (UK) Limited (IMRO Member)	- investment advisory services
Fidelity Investment Services GmbH	- distributor of Fidelity's funds
Fidelity Investissements SA	- distributor of Fidelity's funds and investment management

11 Debtors: amounts falling due within one year

	<u>The Group</u>		<u>The Company</u>	
	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
Trade debtors	114,163	9,737	-	-
Amounts owed by parent undertaking	-	324	-	-
Amounts owed by group undertakings	-	-	14,759	11,638
Other debtors	5,849	1,915	4,775	1,146
Prepayments and accrued income	1,732	1,124	1,560	-
	-----	-----	-----	-----
	121,744	13,100	21,094	12,784
	=====	=====	=====	=====

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

12 Investments

Investments, which are stated at cost, relate to holdings in United Kingdom Unit Trusts. Market value is not significantly different from cost.

13 Cash at bank and in hand

	<u>The Group</u>		<u>The Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cash at bank and in hand	7,586	1,248	1,847	-
	=====	=====	=====	=====

Certain of the company's and the group's bank balances are subject to a legal set off agreement as explained in note 27(b).

14 Creditors: amounts falling due within one year

	<u>The Group</u>		<u>The Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Bank loans and overdrafts	3,312	1,716	3,282	8,665
Trade creditors	109,773	7,836	-	-
Amounts owed to parent undertakings	615	969	710	969
Other creditors including taxation and social security (note 15)	7,925	4,559	2,391	-
Accruals and deferred income	19,913	14,814	17,134	-
	-----	-----	-----	-----
	141,538	29,894	23,517	9,634
	=====	=====	=====	=====

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

15 Other creditors including taxation and social security

	<u>The Group</u>		<u>The Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporation tax	3,503	2,621	244	-
PAYE & social security	1,214	793	1,150	-
VAT	1,005	772	618	-
Other creditors	2,203	373	379	-
	-----	-----	-----	-----
	7,925	4,559	2,391	-
	=====	=====	=====	=====

16 Creditors: amounts falling due after more than one year

	<u>The Group</u>		<u>The Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Bank loan repayable in instalments as follows:				
Between one and two years	966	629	966	629
Between two and five years	3,219	3,457	3,219	3,457
In more than 5 years	-	629	-	629
Accruals and deferred income	244	-	-	-
	-----	-----	-----	-----
	4,429	4,715	4,185	4,715
	=====	=====	=====	=====

The loan bears interest at 6.385% and is repayable in instalments in the period to 2000.

17 Profit of Fidelity Investment Management Limited

The company has taken advantage of the dispensation under s230 of the Companies Act 1985 not to publish its own profit and loss account. Of the retained profit for the year of £2,027,000 a loss of £306,000 has been dealt with in the accounts of Fidelity Investment Management Limited.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

18 Reconciliation of operating profit to net cash inflow from operating activities

	<u>1996</u> £'000	<u>1995</u> £'000
Operating profit	4,485	1,920
Amortisation of goodwill	1,051	1,051
Depreciation charges	9,253	7,040
Loss/(profit) on sale of tangible fixed assets	132	(16)
Increase in stocks	(86)	(122)
Increase in investments	(25)	(2)
(Increase)/decrease in debtors	(108,644)	47,302
Increase/(decrease) in creditors	109,410	(45,702)
Tax on franked investment income	(399)	(311)
Exchange loss/(gain) on loan	134	(161)
	-----	-----
Net cash inflow from operating activities	15,311	10,999
	=====	=====

19 Analysis of changes in cash and cash equivalents during the year

	<u>1996</u> £'000	<u>1995</u> £'000
Balance at 1 July	161	6,589
Net cash inflow/(outflow)	4,792	(6,176)
Exchange losses	(35)	(252)
	-----	-----
Balance at 30 June	4,918	161
	=====	=====

20 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>1996</u> £'000	<u>1995</u> £'000	<u>1996</u> Change in year £'000
Cash at bank and in hand	3,586	1,248	2,338
Short term deposits	4,000	-	4,000
Bank overdraft	(2,668)	(1,087)	(1,581)
	-----	-----	-----
	4,918	161	4,757
	=====	=====	=====

At 30 June 1996, £644,000 (1995: £629,000) of bank loans and overdrafts included in creditors due within one year related to loans and are shown in the cash flow statement as financing.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

21 Analysis of changes in financing during the year

	Share Capital £'000	Loans £'000
Balance at 1 July 1995	30,000	5,344
Repaid in year	-	(649)
Exchange loss	-	134
	-----	-----
Balance at 30 June 1996	30,000	4,829
	=====	=====

22 Called up share capital

	<u>1996</u> Authorised, issued & fully paid	<u>1995</u> Authorised, issued & fully paid
	£'000	£'000
30,000,000 ordinary £1 shares	30,000	30,000
	=====	=====

23 Other Reserves

	<u>The Group</u>	<u>The Company</u>	<u>The Group</u>	<u>The Company</u>
	Profit & Loss £'000	Profit & Loss £'000	Capital Contribution £'000	Capital Contribution £'000
At 1 July 1995	(163)	6,463	1,503	1,503
Retained profit\ (loss) for year	2,027	(306)	-	-
Exchange loss	(51)	-	-	-
	-----	-----	-----	-----
At 30 June 1996	1,813	6,157	1,503	1,503
	=====	=====	=====	=====

24 Reconciliation of movements in shareholders' funds

	<u>1996</u> £'000	<u>1995</u> £'000
Profit for the year	2,027	697
Exchange loss	(51)	(222)
Opening shareholders' funds	31,340	30,865
	-----	-----
Closing shareholders' funds	33,316	31,340
	=====	=====

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

25 Capital commitments

At 30 June commitments were:

	<u>The Group</u>		<u>The Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Contracted and authorised	2,465	454	-	-
	=====	=====	=====	=====

26 Financial commitments in respect of operating leases

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

	<u>1996</u>	<u>1995</u>
	<u>Leases of</u>	<u>Leases of</u>
	<u>land and</u>	<u>land and</u>
	<u>buildings</u>	<u>buildings</u>
	<u>£'000</u>	<u>£'000</u>
Within one year	4	5
Between two and five years	253	132
After 5 years	1,895	2,514
	-----	-----
	2,152	2,651
	=====	=====

The company has no financial commitments in respect of finance leases.

27 Contingent liabilities

- 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.
- The company, along with certain other Fidelity group companies, has entered into an arrangement whereby the balance on its bank account 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 1996 the net bank overdraft on group accounts held within the arrangement was £2,676,000 (1995 net bank overdraft: £1,087,000). The company's ultimate holding company, Fidelity International Limited, has agreed to provide each subsidiary of Fidelity Investment Management Limited which is regulated by 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.

28 Holding company

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