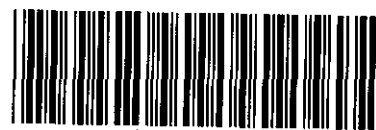


Fidelity Investment Management Limited

(Registered no: 2349713)

Group Annual Report and Accounts For The Year Ended 30 June 2006

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FIDELITY INVESTMENT MANAGEMENT LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2006

The directors submit their report and audited financial statements of the company and the group for the year ended 30 June 2006.

Principal activities

The company acts as a group holding company principally for the UK and certain Continental European markets and provides administration and other services to group members. The company and its subsidiaries (collectively "the group") will continue to be actively involved in the management and distribution of unit trusts, OEICs, Fidelity Funds and Fidelity Money Market Funds, and the management of pension funds.

Certain companies within the group are regulated by the Financial Services Authority (FSA).

Review of business and future developments

The group recorded a 33% increase in turnover for the year, due to a combination of growth in stock markets and net sales of funds. In relation to individual companies' performance this increase was primarily due to higher revenues from Fidelity Investment Services Limited, which saw a 28% increase in turnover from strong growth in Retail and Institutional OEICs business. The other main contributor to the growth in turnover was Financial Administration Services Limited, which saw a 58% increase in turnover due to the continued expansion in distribution of funds through the FundsNetwork™ platform.

Administrative costs grew by 25% in the year. The largest element in this increase was employee costs, which grew by 40%. This increase was due to continued growth in employee numbers and higher performance related payments.

During the year Fidelity Administration Limited and Fidelity Investments Securities Investment Trust Co. Limited were sold to the ultimate parent company. The net impact of these disposals was a gain of £0.4 million.

The future growth prospects for the group will to an extent depend on the stability and growth of stock markets. If market conditions should prove to be less favourable than in the current year, it will be an opportunity to increase the group's investment business and operational strength to pave the way for further growth over the longer term.

Financial risk management

The group's operations expose it to a variety of financial risks that include the effect of changes in equity market prices, credit risk, and liquidity risk. The group does not use derivative financial instruments and does not apply hedge accounting.

The group is committed to a business strategy which supports the proactive identification and assessment of risk, and uses risk information to enhance informed decision making and develop appropriate mitigation strategies. The board of directors monitors risks associated with the group and works closely with the Risk Management department to identify potential risks and deal with them.

The group has various oversight functions which provide a global and independent perspective to assist senior management with establishing policies, processes and procedures for risk. The primary components of this grouping include a central risk management department, a global compliance group, a global internal audit group and a security network.

Market risk

The group is exposed to various types of market risk. Interest rate risk applies to interest bearing assets in the form of deposits and cash held with Barclays Bank plc and Bank of America. Interest rate risk also applies to Fidelity's Institutional Cash Fund. Term deposit balances earn fixed rates of interest, and overnight deposits are subject to the interest rate available on the day. Foreign currency exchange rate risk exists on revenues derived on foreign currency denominated assets. Equity risk exists as significant components of revenue are driven by the prices of equities and hence asset values of funds under management. This risk is managed by the funds through diversification of holdings in underlying investments and various other mechanisms implemented at a fund level.

FIDELITY INVESTMENT MANAGEMENT LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2006

Credit risk

The group makes use of credit rating services of all the major credit rating agencies and has access to the research of brokerage firms and independent research companies.

The group holds bank and cash deposits with Barclays Bank plc. Barclays Bank plc is AA rated by S&P. The board has approved the use of both HBOS plc and Lloyds TSB Bank plc as additional counterparties to reduce risk. A large proportion of accounts receivable balances are due from funds managed by the company. These are considered low credit risk.

The group has implemented policies that require appropriate credit checks on all potential customers. This policy limits the potential for large overdue accounts and bad debts.

Liquidity risk

The liquidity of any funds on which management fees are earned is monitored at an underlying holdings level on a regular basis.

Working capital balances are monitored closely on an ongoing basis.

Results and dividends

The group's after tax profit for the financial year is £27,187,000 (2005 restated: £9,499,000 loss).

No interim dividend was paid during the year (2005: nil).

The directors do not recommend the payment of a final dividend (2005: nil).

The results of the group for the year are set out in the profit and loss account on page 6.

A capital contribution of £20,000,000 (2005: £10,000,000) was made to the company during the year ended 30 June 2006 by Fidelity International Limited, the sole shareholder.

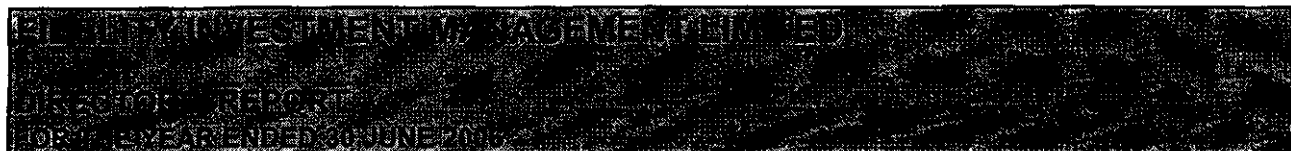
Directors and their interests

The directors of the company during the year ended 30 June 2006, all of whom have been directors for the whole year (unless otherwise specified) are listed below:

T Balk
B R J Bateman
A J Bolton
S J Fraser
M C Gordon (appointed 1 September 2005)
S M Haslam
A J K Steward
D Stewart (resigned 8 July 2005)
R M Sylvain
R C Wastcoat

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

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



Statement as to disclosure of information to auditors

So far as the directors are aware there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group'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 group's auditors are aware of that information.

Employees

The group maintains its commitment to pro-active programmes for involving its employees in its affairs. This is achieved in a variety of ways, including the regular publication of newsletters and employee newspapers, video presentations and employee business briefings.

The group has operated an European Employee Communication Forum ("EECF") since 1999. The objective of the EECF is to improve Fidelity's business productivity and working relationships by enabling transnational business issues to be communicated effectively to employees and to give employees the opportunity to put forward their views.

Involvement of employees in the group's performance is encouraged by means of a performance related annual bonus, through medium term incentive plans linked to the performance of the Fidelity International group and through the participation of certain employees as shareholders in the ultimate parent 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. It is also the policy of the group that the career development and promotion of a disabled worker should, as far as possible, be identical to that of a person who does not suffer from a disability.

Charitable contributions

In 1988 the group set up the Fidelity UK Foundation to receive charitable contributions from the group, and has made regular donations to the Foundation since then to build up an endowment from which the Foundation can make grants to charitable organisations in the UK and elsewhere. This year, charitable contributions were £11,106,938 (2005: £13,736,000).

In addition to the contribution made to the Fidelity UK Foundation, the group makes donations directly to a wide variety of charities, including via an employee grant-matching programme. This includes a substantial number of individual donations in which local children's charities, schools and hospitals regularly feature. During the year these other charitable contributions totalled £102,590 (2005: £61,707).

A political contribution of £40,000 was made to The Conservative Party during the year (2005: £100,000).

HILDEBOROUGH RESIDENT MANAGEMENT LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company and group for that year. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company and group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Registered 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.

By order of the board



S Haslam
Director

31st October 2006

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

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

We have audited the financial statements of Fidelity Investment Management Limited for the year ended 30th June 2006 which comprise the consolidated profit and loss account, the consolidated and company balance sheet, the consolidated statement of total recognised gains and losses, the consolidated cash flow statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

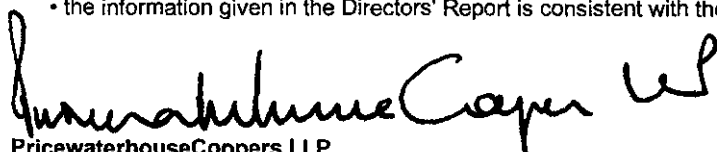
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and group's affairs as at 30th June 2006, of its profit, of its total recognised gains and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
31st October 2006

GLOBAL INVESTMENT MANAGEMENT LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 £'000	2005 (restated) £'000
Turnover	2	756,097	566,235
Cost of sales		(125,700)	(89,998)
Gross profit		630,397	476,237
Administrative expenses		(598,779)	(480,604)
Amortisation of goodwill	9	(1,048)	(1,049)
Operating profit / (loss)		30,570	(5,416)
Profit on sale of subsidiaries	24	446	-
Share of profit / (loss) from interest in associate undertaking	12	485	(44)
Interest receivable		8,331	6,676
Interest payable and similar charges	5	(117)	(1,132)
Other finance income	29	95	98
Profit on ordinary activities before taxation	6	39,810	182
Tax on profit on ordinary activities	8	(12,492)	(9,542)
Profit / (loss) on ordinary activities after taxation		27,318	(9,360)
Equity minority interests		(131)	(139)
Profit / (loss) for the financial year		27,187	(9,499)

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.

IDEAL INVESTMENT MANAGEMENT LIMITED

BALANCE SHEET
31st October 2006

		The Group		The Company	
		2006	2005	2006	2005
	Notes	£'000	(restated) £'000	£'000	(restated) £'000
Fixed assets					
Intangible assets	9	3,145	4,204	-	-
Tangible assets	10	16,530	73,107	-	-
Interests in group undertakings	11	-	-	75,215	78,898
Fixed asset investments	12	860	324	740	255
		20,535	77,635	75,955	79,153
Current assets					
Stock of holdings		4,208	1,355	-	-
Debtors - amounts falling due:					
- within one year	13	271,904	324,201	91,263	106,004
- after more than one year	14	10,897	6,431	27,491	16,830
Investments	15	192,278	120,459	95,009	55,873
Cash at bank and in hand	16	44,181	17,327	3,752	364
		523,468	469,773	217,515	179,071
Creditors - amounts falling due within one year	17	(370,538)	(422,920)	(235,951)	(211,518)
Net current assets / (liabilities)		152,930	46,853	(18,436)	(32,447)
Total assets less current liabilities		173,465	124,488	57,519	46,706
Creditors - amounts falling due after one year	18	(3,738)	(2,324)	(3,617)	(2,181)
Net assets excluding pension liability		169,727	122,164	53,902	44,525
Defined benefit liability	29	(1,801)	(3,461)	(1,801)	(3,461)
Net assets including pension liability		167,926	118,703	52,101	41,064
Capital and reserves					
Called up share capital	25	30,000	30,000	30,000	30,000
Capital contribution	26	30,000	10,000	30,000	10,000
Other reserves	27	1,503	1,503	1,503	1,503
Profit and loss account	27	105,528	76,436	(9,402)	(439)
Total equity shareholder's funds		167,031	117,939	52,101	41,064
Minority interests - equity		895	764	-	-
Total shareholder's funds		167,926	118,703	52,101	41,064

The financial statements on pages 6 to 29 were approved by the board of directors and were signed on its behalf by:


S Haslam
Director
31st October 2006

FIDELITY INVESTMENT MANAGEMENT LIMITED
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2006

	<u>Notes</u>	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>(restated)</u> <u>£'000</u>
Profit / (loss) for the financial year		27,187	(9,499)
Net currency translation differences on foreign currency investments		177	353
Prior year adjustment	27	-	(1,820)
Change in defined benefit pension liabilities	29	2,468	(2,334)
Movement on deferred tax relating to pension liability		(740)	699
Total recognised gain / (loss) relating to the year		<u>29,092</u>	<u>(12,601)</u>

FIDELITY INVESTMENT MANAGEMENT LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	<u>Notes</u>	<u>2006</u> <u>£'000</u>	<u>2005 (restated)</u> <u>£'000</u>
Net cash inflow from operating activities	21	51,314	72,429
Return on investments and servicing of finance			
Interest received		8,331	6,676
Interest paid		(117)	(1,348)
Net cash inflow from returns on investments and servicing of finance		8,214	5,328
Taxation			
Corporation tax paid		(8,146)	(14,924)
Capital expenditure			
Purchase of tangible fixed assets		(9,835)	(19,175)
Sale of tangible fixed assets		-	137
Purchase of fixed asset investments		(51)	-
		(9,886)	(19,038)
Disposals of businesses			
Proceeds from disposal of businesses	7, 24	6,257	-
		6,257	-
Net cash inflow from returns on investments and servicing of finance		47,753	43,795
Management of liquid resources			
Purchase of current asset investments		(386,115)	(277,819)
Sale of current asset investments		308,354	257,560
Net cash outflow from management of liquid resource	22, 23	(77,761)	(20,259)
Financing			
Decrease in borrowings		-	(37,887)
Capital contribution		20,000	10,000
Net cash inflow / (outflow) from financing		20,000	(27,887)
Decrease in cash	22, 23	(10,008)	(4,351)

1 Accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom.

A summary of significant accounting policies, which have been applied consistently, is set out below:

Changes in accounting policies

The group has adopted FRS 17, "Retirement Benefits" in these financial statements. The adoption of this standard represents a change in accounting policy and comparative figures have been restated accordingly. Details of the effect of the prior year adjustments are given in note 27.

Basis of preparation

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

Basis of consolidation

The consolidated profit and loss account, balance sheet, statement of recognised gains and losses and cash flow include the financial statements of the company and its subsidiary undertakings made up to 30 June 2006. 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. The group's share of profits or losses of associate undertakings is included in the consolidated profit and loss account and in the consolidated balance sheet.

Turnover

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

- i) Net revenues receivable from the sale of units including net distributions received arising from stocks of holdings held in the manager's box.
- ii) *Investment management and investment advisory fees and commissions receivable.*
- iii) Performance related fees which are recognised when the full performance period has been completed and the basis of calculation has been agreed with the client.
- iv) Unit trust and OEIC management and administration fees and commissions receivable.

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.

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 the cost of construction and any incidental expenses of acquisition. *Interest costs and professional fees incurred during the development and construction phase of a building are included in the cost of the building.*

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	50 years
Leasehold improvements	from 4 to 15 years
Office equipment	from 3 to 4 years
Computer equipment	3 years
Fixtures and fittings	5 years
Motor vehicles	5 years

1 Accounting policies - continued

In the year of acquisition a full month's depreciation is charged in the month of acquisition. No charge is made in the month of disposal.

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.

Investments

Fixed asset investments are stated at cost less any permanent diminution in value. For the associates refer to policy note on the basis of consolidation.

Current asset investments are stated at the lower of cost and net realisable value.

Stocks of holdings

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

Foreign currencies

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 included in the profit before taxation.

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.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences which have originated, but not reversed, at the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred. A deferred tax asset is recognised when it is more likely than not that the asset will be recoverable.

Deferred tax is measured on a non-discounted basis at the rate of corporation tax that is expected to apply when the timing differences are expected to reverse.

1 Accounting policies - continued**Pension scheme arrangements**

The group operates a self-administered defined contribution pension scheme open to all employees aged 18 or over. Contributions are made by the employer based upon the pension scheme's schedule of contributions.

Within the defined contribution scheme, there is a small sub-set of employees (current and deferred members) who are covered by a final salary guarantee on their pension. This ensures that for the members covered, the pension paid will be no less than a pre-defined percentage of the members' final salary. For these members, the defined contribution plan acts as a defined benefit scheme. This is a closed pool of employees and there is no option for any additional members to be added to this part of the scheme.

Members who retire after 1 July 2003 have the option to buy an annuity within the scheme. Fidelity Investment Management Limited takes the risk that the amount set aside will not meet the pension payments of the retiree.

The final salary guarantee and internal annuity parts of the pension plan are treated as a funded defined benefit scheme in accordance with FRS17. Actuarial gains and losses are recorded in the Statement of Total Recognised Gains and Losses

A full actuarial valuation of the Fidelity UK Pension Plan was carried out by Watson Wyatt, the scheme actuaries and consultants as at 30 June 2003, and includes a separate actuarial valuation for the final salary guarantee section of the Pension Plan. The next actuarial valuation is scheduled to be undertaken in the second half of 2006, and will be performed as at 30 June 2006.

Leased assets

Assets held under finance lease are capitalised and included in fixed assets. Costs in respect of operating leases are charged on a straight line basis over the lease term.

FIDELITY INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2 Turnover

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Investment management fees	501,563	382,217
Income from unit dealing	7,386	5,839
Distribution revenue	158,611	66,156
Other income	88,537	112,023
	<u>756,097</u>	<u>566,235</u>

Fidelity Investment Services Limited, a wholly owned subsidiary, accounts for the sale of units in its authorised unit trusts and OEICs in accordance with Application note G of FRS 5. The gross sales of units during the year were £9,001 million (2005: £6,637 million).

3 Directors' emoluments

<i>All directors</i>	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Aggregate emoluments	6,538	6,078
Company pension contributions to defined contribution schemes	366	369

Retirement benefits are accruing to 8 (2005: 8) directors under a defined contribution scheme.

<i>Highest paid director</i>	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Aggregate emoluments	2,600	1,550
Company pension contributions to defined contribution schemes	74	63

4 Employee information

a) By activity, the average number of persons employed was:

	<u>2006</u>	<u>2005</u>
Sales and marketing	635	574
Administration	1,960	1,770
	<u>2,595</u>	<u>2,344</u>

FIDELITY INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4 Employee information - continued

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

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Salaries and bonuses	249,697	173,763
Social security costs	26,975	21,343
Pension contributions	13,358	11,425
	<u>290,030</u>	<u>206,531</u>

As at 30 June 2006 there were no outstanding or prepaid contributions to the pension scheme.

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

5 Interest payable and similar charges

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Interest payable on overdrafts and bank loans	117	41
Interest payable on other loans	-	1,091
	<u>117</u>	<u>1,132</u>

6 Profit on ordinary activities before taxation

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
The profit on ordinary activities before taxation is stated after charging:		
Loss on disposal of tangible fixed assets	-	619
Foreign exchange gains	(13)	(24)
Depreciation - owned assets	6,154	17,369
Write down of freehold property	-	26,802
Write down of leasehold property	2,342	-
Operating lease rentals:		
- property	11,015	9,927
- plant and machinery	39	81
- vehicles	819	630
Charitable donations	11,250	13,898
Auditors' remuneration for:		
- audit services (company 2006: £163,000; 2005: £116,000)	920	879
- other services (company 2006: £327,000; 2005: £608,000):	2,171	2,100

Auditors remuneration for other services includes tax, regulatory and compliance consulting.

FELLMY INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7 Continuing operations

All material operations are regarded as continuing. Two subsidiaries were disposed of during the year. Details are disclosed in note 24. The nature and focus of the group's operations has not significantly changed. In addition, these disposals do not represent a material change in the profit and loss account, and have therefore not been disclosed as discontinued operations in the primary financial statements.

8 Taxation

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

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Current taxation		
UK corporation tax on profits for the period		
- Current year	13,319	9,314
- Prior year	417	796
Foreign taxation	2,988	1,251
Total current taxation	16,724	11,361
Deferred taxation		
Origination and reversal of timing differences	(4,232)	(1,819)
Taxation on profit on ordinary activities	12,492	9,542

b) The taxation assessed for the period is greater than the standard rate of corporation taxation in the UK and the difference is made up as follows:

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Profit on ordinary activities before tax	39,810	182
UK corporation tax on profits at 30% (2005: 30%)	11,943	55
Effects of:		
Expenses not deductible for tax purposes	1,430	1,547
Depreciation in excess of capital allowances for the period	161	(525)
Write down in fixed asset investment	-	8,040
Movement in long term accruals	1,876	755
Higher tax rates on overseas earnings	187	287
Adjustments to tax charge in prior periods	417	796
Other	710	406
	16,724	11,361

8 Taxation - continued

c) The movement on the deferred tax asset is as follows:

	The Group		The Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
At 1 July	6,429	4,610	6,830	5,037
Deferred tax credit in the profit and loss account for the period	4,232	1,819	2,661	1,793
Other	236	-	-	-
At 30 June	10,897	6,429	9,491	6,830

d) The deferred tax asset consists of:

	The Group		The Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Accelerated capital allowances	2,232	44	1,330	814
Short-term timing differences	8,665	6,385	8,161	6,016
At 30 June	10,897	6,429	9,491	6,830

9 Intangible fixed assets - goodwill

	The Group	
	2006	2005
	£'000	£'000
Cost		
At 1 July	21,018	21,018
Disposal of business	(51)	-
At 30 June	20,967	21,018
Amortisation		
At 1 July	16,814	15,765
Charge for the year	1,048	1,049
Disposal of business	(40)	-
At 30 June	17,822	16,814
Net book value at 30 June	3,145	4,204

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.

The disposal of business relates to the sale of Fidelity Administration Limited during the year.

10 Tangible fixed assets - the group

	<u>Freehold property £'000</u>	<u>Leasehold improve- ments £'000</u>	<u>Office equipment £'000</u>	<u>Computer equipment £'000</u>	<u>Fixtures and fittings £'000</u>	<u>Motor vehicles £'000</u>	<u>Total £'000</u>
Cost							
At 1 July 2005	69,988	53,563	11,385	99,942	16,644	669	252,191
Exchange differences	255	80	19	38	34	2	428
Additions	2,127	884	575	5,749	477	23	9,835
Disposals	(1,190)	-	-	-	-	-	(1,190)
Transfers	10,908	(10,908)	-	-	-	-	-
Write off ⁽¹⁾	-	(2,509)	-	-	-	-	(2,509)
Disposal of businesses ⁽²⁾	(24,122)	(31,634)	(9,817)	(103,579)	(13,315)	(582)	(183,049)
At 30 June 2006	57,966	9,476	2,162	2,150	3,840	112	75,706
Depreciation							
At 1 July 2005	51,045	19,386	8,595	86,490	13,424	144	179,084
Exchange differences	28	20	14	26	15	-	103
Charge for the year	59	1,450	740	3,121	773	11	6,154
Disposals	(1,190)	-	-	-	-	-	(1,190)
Write off ⁽¹⁾	-	(167)	-	-	-	-	(167)
Disposal of businesses ⁽²⁾	(2,789)	(15,321)	(7,504)	(87,810)	(11,245)	(139)	(124,808)
At 30 June 2006	47,153	5,368	1,845	1,827	2,967	16	59,176
Net book value at 30 June 2006	10,813	4,108	317	323	873	96	16,530
Net book value at 30 June 2005	18,943	34,177	2,790	13,452	3,220	525	73,107

⁽¹⁾ During the year Fidelity Property Company Limited surrendered a leasehold interest to Fidelity Administration Limited for nil consideration. This resulted in a write down of the related leasehold improvements.

⁽²⁾ During the year Fidelity Investment Management Limited sold Fidelity Investments Securities Investment Trust Co. Limited and Fidelity Administration Limited to the ultimate parent FIL.

11 Interests in group undertakings - the company

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

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Cost or valuation		
At 1 July	78,898	77,198
Additions	1,017	1,700
Disposals	(600)	-
Impairment	(4,100)	-
At 30 June	<u>75,215</u>	<u>78,898</u>

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 principle place of operation of each company.

At 30 June 2006 a review of carrying values of subsidiaries identified that the net book value of Fidelity Pension Management was less than the carrying value. This has resulted in an impairment loss of £4.1 million.

<u>Name of company</u>	<u>Proportion of</u> <u>nominal value</u> <u>of issued shares</u> <u>held in the group</u>	<u>Country of</u> <u>incorporation</u> <u>or registration</u>
	%	
Fidelity Investments International	98.00	England & Wales
Fidelity Investment Services Limited	100.00	England & Wales
Financial Administration Services Limited (formerly Fidelity Investments Limited)	100.00	England & Wales
Fidelity Pensions Management	100.00	England & Wales
Fidelity International Investment Advisors (UK) Limited	100.00	England & Wales
Fidelity Property Company Limited	100.00	England & Wales
Fidelity Investment Services GmbH	100.00	Germany
Fidelity Investissements SAS	100.00	France
Fidelity Villa Mumm Limited	100.00	England & Wales
Fidelity Investment Management GmbH	100.00	Germany
Fidelity Pensions Services GmbH	100.00	Germany
Fidelity Gestion	100.00	France

11 Interests in group undertakings - continued

The principal business activities of these subsidiaries are:

Company	Regulator	Activity
Fidelity Investments International	FSA	distributor of Fidelity's funds and investment management services
Fidelity Investment Services Limited	FSA	the management and distribution of authorised and unauthorised unit trusts and OEICs
Financial Administration Services Limited (formerly Fidelity Investments Limited)	FSA	the management of ISAs and PEPs for private investors
Fidelity Pensions Management	FSA	the management of pension fund portfolios
Fidelity International Investment Advisors (UK) Limited	FSA	investment advisory services
Fidelity Property Company Limited	None	development of property for investment purposes and acting as a letting agent
Fidelity Investment Services GmbH	BaFin	distribution of Fidelity's funds
Fidelity Investissements SAS	None	distribution of Fidelity's funds
Fidelity Villa Mumm Limited	None	development of property for investment purposes and acting as a letting agent
Fidelity Investment Management GmbH	BaFin	investment management
Fidelity Pensions Services GmbH	None	pensions administration
Fidelity Gestion SAS	AMF	management of mutual funds

Note:

AMF	Autorité de Marchés Financiers
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht
FSA	Financial Services Authority

FIDELITY INVESTMENT MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

12 Fixed asset investments

	<u>Associate undertaking</u>	<u>The Group Other investment</u>	<u>Total</u>	<u>Associate undertaking</u>	<u>The Company Other investment</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cost or valuation						
At 1 July 2005	174	150	324	174	81	255
Additions	-	51	51	-	-	-
Share of retained profit for the year	485	-	485	485	-	485
At 30 June 2006	659	201	860	659	81	740

The associate undertaking is EMX Company Limited, an electronic dealing and settlement system service provider for investment funds. The shareholding at the year end was 29.0% (2005: 29.1%).

13 Debtors: amounts falling due within one year

	<u>The Group</u>	<u>The Group</u>	<u>The Company</u>	<u>The Company</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>(restated)</u>	<u>£'000</u>	<u>(restated)</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accounts receivable - customers and funds	179,999	292,826	-	-
Amounts owed by parent undertaking	64,566	14,783	15,832	6,349
Amounts owed by group undertakings	-	-	52,618	76,340
VAT recoverable	-	-	1,760	58
Other debtors	19,774	7,118	8,867	5,734
Prepayments and accrued income	7,206	6,695	6,557	5,978
Loan to the Fidelity UK Foundation	-	90	-	90
Corporation tax	359	2,689	5,629	11,455
	271,904	324,201	91,263	106,004

The amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

14 Debtors: amounts falling due after more than one year

	The Group		The Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Deferred tax asset (note 8)	10,897	6,429	9,491	6,830
Other	-	2	-	-
Subordinated loans to group undertakings	-	-	18,000	10,000
	<u>10,897</u>	<u>6,431</u>	<u>27,491</u>	<u>16,830</u>

The subordinated loans to group undertakings are interest free and are repayable upon the expiry of three months notice and the written consent from the Financial Services Authority. This notice can not be requested before 2009.

15 Current asset investments

	The Group		The Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Mutual and collective fund investments at the lower of cost and net realisable value	82,278	120,459	50,009	55,873
Money market deposits	110,000	-	45,000	-
	<u>192,278</u>	<u>120,459</u>	<u>95,009</u>	<u>55,873</u>

Certain of the company's and the group's current asset investments are held with related parties as explained in note 33.

16 Cash at bank and in hand

	The Group		The Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Cash at bank and in hand	44,181	17,327	3,752	364
	<u>44,181</u>	<u>17,327</u>	<u>3,752</u>	<u>364</u>

Certain of the company's and the group's bank balances are subject to a legal set off agreement as explained in note 32 (b).

17 Creditors: amounts falling due within one year

	<u>The Group</u>		<u>The Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Bank overdrafts	6	-	76,541	102,945
Accounts payable - customers and funds	132,522	262,896	-	-
Amounts owed to parent undertaking	10,155	5,558	-	-
Amounts owed to group undertakings	-	-	1,712	965
Corporation tax	8,126	770	637	-
PAYE & social security	4,716	3,991	3,699	3,244
VAT	1,369	1,526	-	-
Other creditors	34,495	26,031	3,176	2,901
Accruals and deferred income	179,149	122,148	150,186	101,463
	<u>370,538</u>	<u>422,920</u>	<u>235,951</u>	<u>211,518</u>

Certain of the company's and the group's bank balances are subject to a legal set off agreement as explained in note 32 (b).

18 Creditors: amounts falling due after more than one year

	<u>The Group</u>		<u>The Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accruals and deferred income	3,738	2,324	3,617	2,181
	<u>3,738</u>	<u>2,324</u>	<u>3,617</u>	<u>2,181</u>

19 Provisions for liabilities and charges

	<u>Pension provision £'000</u>	<u>Total £'000</u>
At 30 June 2005 as previously reported	3,092	3,092
Provisions released as part of prior year adjustment	(3,092)	(3,092)
At 30 June 2005 as restated	-	-

Pension provision

In 1986 the company changed its Defined Benefit pension plan to a Defined Contribution (DC) scheme. At that time, a number of employees were given assurances that their DC pension pool would be not less than the amount required to buy an annuity had the rules of the original scheme remained unchanged until the date of their retirement. This provision related to the estimated shortfall in relation to those assurances as required by SSAP24.

FRS17 now requires a separate defined benefit liability to be shown. FRS17 disclosures are contained within note 29.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20 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 £27,187,000 (2005 restated: £9,499,000 loss), a loss of £10,691,000 (2005: £469,000 profit) has been dealt with in the accounts of Fidelity Investment Management Limited.

21 Reconciliation of operating profit / (loss) to net cash inflow from operating activities

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>(restated)</u> <u>£'000</u>
Operating profit / (loss)	30,570	(5,416)
Amortisation of goodwill	1,048	1,049
Depreciation charges	6,154	17,369
Loss on sale of tangible fixed assets	-	619
(Increase) / decrease in stocks	(2,853)	192
Decrease / (increase) in debtors	49,486	(106,783)
(Decrease) / increase in creditors	(34,705)	137,636
Exchange loss on promissory note	-	197
Write down of assets	2,342	26,802
Exchange (gain) / loss on fixed assets	(330)	155
Exchange gain on movement in liquid resources	(372)	(601)
Other exchange (gains) / losses	(121)	1,112
Other non-cash changes	95	98
	<u>51,314</u>	<u>72,429</u>

22 Reconciliation of net cash flow to movement in net funds

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Decrease in cash in the year	(10,008)	(4,351)
Cash used to increase liquid resources	77,761	20,259
Disposal of businesses	30,542	-
Exchange gains	372	601
	<u>98,667</u>	<u>16,509</u>
Movement in net funds in the year	98,667	16,509
Net funds at 1 July	137,786	121,277
	<u>236,453</u>	<u>137,786</u>
Net funds at 30 June	236,453	137,786

23 Analysis of changes in net funds

	<u>At 1 July</u> <u>2005</u> <u>£'000</u>	<u>Cash flows</u> <u>£'000</u>	<u>Exchange</u> <u>gains</u> <u>£'000</u>	<u>Disposal of</u> <u>businesses</u> <u>£'000</u>	<u>At 30 June</u> <u>2006</u> <u>£'000</u>
Cash at bank and in hand, and bank overdrafts	17,327	(10,008)	9	36,847	44,175
Current asset investments	120,459	77,761	363	(6,305)	192,278
Total	<u>137,786</u>	<u>67,753</u>	<u>372</u>	<u>30,542</u>	<u>236,453</u>

FIDELITY INVESTMENT MANAGEMENT LIMITED
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24 Disposals

	Fidelity Investments Securities Investment Trust Co. Limited £'000	Fidelity Administration Limited £'000	Total Disposals £'000
Tangible fixed assets	47	58,190	58,237
Investments	6,295	10	6,305
Cash	546	(37,393)	(36,847)
Debtors	148	-	148
Creditors	(1,365)	(20,667)	(22,032)
	<u>5,671</u>	<u>140</u>	<u>5,811</u>
Profit/(loss) on disposal	586	(140)	446
Cash consideration	<u>6,257</u>	<u>-</u>	<u>6,257</u>

25 Called up share capital

	Authorised issued & fully paid	
	2006 £'000	2005 £'000
30,000,000 Ordinary £1 shares	<u>30,000</u>	<u>30,000</u>

26 Capital contribution

	The Group		The Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Opening balance	10,000	-	10,000	-
Contributions received during the year	20,000	10,000	20,000	10,000
Closing balance	<u>30,000</u>	<u>10,000</u>	<u>30,000</u>	<u>10,000</u>

27 Reserves

	The Group		The Company	
	Profit & loss £'000	Other reserves £'000	Profit & loss £'000	Other reserves £'000
At 30 June 2005 as previously reported	79,897	1,503	3,022	1,503
Accumulated adjustment for FRS 17	(3,461)	-	(3,461)	-
At 30 June 2005 as restated	<u>76,436</u>	<u>1,503</u>	<u>(439)</u>	<u>1,503</u>
Retained profit / (loss) for the year	27,187	-	(10,691)	-
Actuarial gain on pension scheme	1,728	-	1,728	-
Exchange gain	177	-	-	-
At 30 June 2006	<u>105,528</u>	<u>1,503</u>	<u>(9,402)</u>	<u>1,503</u>

27 Reserves (continued)

The retained profit / (loss) includes a loss of £1,801,000 (2005: £3,461,000), stated after deferred taxation credit of £773,000 (2005: £1,484,000) in respect of pension scheme assets of the group pension fund.

Prior year adjustment and impact of new standard

The adoption of FRS 17 has resulted in an increase in other finance income of £95,000 (2005: £98,000), a decrease in the tax charge by £29,000 (2005: £3,000), decrease in the net profit after tax by £68,000 (2005: £8,000), and an increase in total recognised gains and losses by £1,728,000 (2005: £3,461,000 decrease).

The total net prior year adjustment of £1,820,000 is disclosed on the face of the statement of total recognised gains and losses.

28 Reconciliation of movement in shareholder's funds

	<u>The Group</u>		<u>The Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>(restated)</u>	<u>£'000</u>	<u>(restated)</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Opening shareholder's funds	117,939	120,538	41,064	34,056
Contributed surplus	20,000	10,000	20,000	10,000
Profit / (loss) for the financial year	27,187	(9,491)	(10,691)	469
Defined pension liability	1,728	(3,461)	1,728	(3,461)
Exchange gain	177	353	-	-
Closing shareholder's funds	<u>167,031</u>	<u>117,939</u>	<u>52,101</u>	<u>41,064</u>

29 Pension Commitments

In 1986 the company changed its defined benefit pension plan to a defined contribution scheme. At that time, a number of employees were given assurances that their DC pension pool would be not less than the amount required to buy an annuity under the original scheme. The final salary guarantee part of the Fidelity UK Pension Plan is therefore treated as a funded defined benefit scheme in accordance with FRS 17.

In addition, the Fidelity UK Pension Plan offers members who retire after 1 July 2003 the option to buy an annuity within the scheme. Assets are transferred from individual member accounts and held within an Annuity Pool account held within the scheme. Any risk that the amount set aside within the pension scheme will not cover the pension payments of the retiree is taken by Fidelity Investment Management Limited. The internal annuity part of the Fidelity UK Pension Plan is also treated as a funded defined benefit scheme in accordance with FRS17. The trustees have reserved the right to retract, amend or remove this option with a thirty day notice period to members.

Assets of the Fidelity UK Pension Plan are held in separate trustee administered funds.

The most recent full actuarial valuation of the Fidelity UK Pension Plan was at 30 June 2003. The valuation was carried out by Watson Wyatt LLP.

29 Pension Commitments (continued)

The assets of the scheme that relate to the defined benefit annuity assurance and the Annuity Pool are invested 100% in Fidelity International Group mutual funds as at 30 June 2006.
 The expected return on assets is 7.6% per annum based on an expected equity return of 8.0% per annum.

	2006 £'000	2005 £'000
Total market value of assets	15,420	12,498
Present value of scheme liabilities	(17,994)	(17,443)
Deficit in the scheme	(2,574)	(4,945)
Related deferred tax asset	773	1,484
Net pension liability	(1,801)	(3,461)

Analysis of amount charged to operating profit in respect of defined benefit schemes

	2006 £'000	2005 £'000
Current service cost	544	435
Total operating charge	544	435

Movement in deficit during the year

	2006 £'000	2005 £'000
Deficit in the scheme at the beginning of the year	(4,945)	(2,600)
Current service cost	(544)	(435)
Employer contributions	352	326
Other finance income	95	98
Actuarial gain / (loss)	2,468	(2,334)
Deficit in the scheme at the end of the year	(2,574)	(4,945)

Analysis of amount credited to other finance income

	2006 £'000	2005 £'000
Expected return on pension scheme assets	981	868
Interest on pension scheme liabilities	(886)	(770)
Net return	95	98

Analysis of amount recognised in statement of total recognised gains and losses

	2006 £'000	2005 £'000
Actual return less expected return on pension scheme assets	1,461	681
Experience gains / (losses) arising on the scheme liabilities	207	(455)
Change in assumptions underlying the present value of the scheme liabilities	800	(2,560)
Actuarial gain / (loss) recognised in statement of total recognised gains and losses	2,468	(2,334)

29 Pension Commitments (continued)

History of experience gains and losses

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Difference between the actual and expected return on scheme assets:			
- Amount (£'000)	1,826	1,020	1,238
- Percentage of scheme assets	11.84%	8.16%	11.79%
Experience gains / (losses) on scheme liabilities:			
- Amount (£'000)	(153)	(789)	(1,107)
- Percentage of the present value of the scheme liabilities	(0.85%)	(4.53%)	(8.45%)
Total amount recognised in statement of total recognised gains and losses:			
- Amount (£'000)	2,472	(2,329)	-
- Percentage of the present value of the scheme liabilities	13.73%	(13.35%)	-

Historical gains and losses experience data is not available for 2003 or 2002 following a change of actuarial advisors.

30 Capital and other commitments

At 30 June commitments in relation to the group were as follows:

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Contracted but not provided for	-	2,436

There were no commitments as at 30 June 2006 in relation to the company (2005: nil)

31 Financial commitments

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Land and buildings		
Within one year	213	237
Between two and five years	2,023	2,141
After five years	11,261	7,461
	<u>13,497</u>	<u>9,839</u>
Vehicles		
Within one year	25	103
Between two and five years	493	149
After five years	-	-
	<u>518</u>	<u>252</u>
Total commitments		
Within one year	238	340
Between two and five years	2,516	2,290
After five years	11,261	7,461
	<u>14,015</u>	<u>10,091</u>

32 Contingent amounts

- 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, 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 the company is jointly and severally liable for any liabilities which may arise under this agreement. As at 30 June 2006 the net bank balance on group accounts held within the arrangement was £3,502,170 (2005 net bank balance: £8,036,131).

33 Related party transactions

The group's controlling and ultimate controlling company is Fidelity International Limited, ("FIL") a Bermuda company which owns 100% of Fidelity Investment Management Limited's issued share capital.

The group has agreements with FIL and fellow FIL subsidiary undertakings, the most significant of which include:

- a) the provision and receipt of investment advisory and related services for which the group recorded £86,122,000 (2005: £55,794,000) in revenue and £18,329,000 (2005: £14,663,000) in expenses;
- b) the provision of corporate management services for which the group recorded expenses of £3,776,000 (2005: £2,323,000);
- c) the distribution of Fidelity products, for which the group recorded revenue of £110,984,000 (2005: £81,608,000);
- d) the provision of software development for which the group recorded revenue of £7,421,000 (2005 restated: £12,900,000);
- e) the provision of marketing services for which the group recorded revenue of £8,469,000 (2005 restated: £9,044,000);
- f) the provision of systems usage for which the group recorded expenses of £19,141,000 (2005 restated: £19,942,000);
- g) the provision of administration services for which the group recorded income of £24,865,000 (2005 restated: £15,881,000);
- h) the provision of product development services for which the group recorded income of £465,000 (2005: £358,000);
- i) the provision of system support services for which the group recorded income of £13,314,000 (2005: £14,616,000);
- j) the provision of finance for which the group recorded interest expenses of nil (2005: £1,091,000) and capitalised interest of nil (2005: nil).
- k) the provision of intellectual property rights for which the group recorded expenses of £13,910,000 (2005 restated: £19,068,000);
- l) the use of fixed assets for which the group recorded expenses of £10,513,000 (2005: nil).

33 Related party transactions (continued)

The net balance owed by the FIL group at 30 June 2006 in relation to the above transactions was £54,512,000 (2005: £12,317,000 receivable).

The group received management fees of £1,289,000 (2005: £1,237,000) from the group pension scheme. There was no balance outstanding at either 30 June 2006 or 30 June 2005.

The group conducts business activities with entities which indirectly have certain shareholders in common with the ultimate parent company, the most significant of which were asset management services and telecommunication services. During the year ended 30 June 2006 the group recorded revenues of £10,647,000 (2005: £15,216,000) and expenses of £21,868,000 (2005: £18,430,000) for such services.

At 30 June 2006 the net balance due from these entities in relation to asset management transactions was £4,747,000 (2005: £2,935,000). The net balance due from these entities for telecommunications services was £3,740,000 (2005: £60,000).

In 1998 the group made a loan of £773,000 to the Fidelity UK Foundation (a registered charity). As at 30 June 2006 this loan was fully repaid (2005: £90,000 remained outstanding).

The group conducts certain business activities with EMX Company Limited in which it has a 29% interest (2005: 29.1%) and shares a common director, Andrew Steward. These business activities include utilising EMX's electronic messaging service. During the year to 30 June 2006 the group paid £459,000 (2005: £372,000) for these services. At 30 June 2006 the balance owing in relation to these transactions was nil (2005: £3,000).

The group holds short term investments in the Institutional Cash Fund Plc, a money market fund previously managed by Fidelity International Limited (Bermuda), who has delegated this responsibility to Fidelity Investments International until 30 September 2005. With effect from 1 October 2005, the Institutional Cash Fund plc has been managed by Fidelity Investment Management (Ireland) Limited. The amount held at 30 June 2006 amounted to £82,277,000 (2005: £120,455,000).