

FIL Investment Management Limited

Company number: 2349713

Report and financial statements for the six month period ended 31 December 2020

SATURDAY



AA7HFQN4

A17

26/06/2021

#53

COMPANIES HOUSE

FIL Investment Management Limited

Report and financial statements for the six month period ended 31 December 2020

Contents

Page:

1	Strategic report
5	Directors' report
9	Independent auditors' report
13	Profit and loss account
14	Statement of comprehensive income
15	Balance sheet
16	Statement of changes in equity
17	Notes forming part of the financial statements

Directors

M Heath
R Musgrove
S Nelson

Secretary and registered office

R Musgrove, 4 Cannon Street, London, United Kingdom, EC4M 5AB

Company number

2349713

Independent Auditors

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

FIL Investment Management Limited

Strategic report for the six month period ended 31 December 2020

The directors present their strategic report for FIL Investment Management Limited ("the company") for the period ended 31 December 2020.

Principal activities

The company provides administration and other services primarily to companies within the FIL Holdings (UK) Limited ("FHL") group, of which the company is a subsidiary.

Business review and position

The results for the company are set out on page 13. The company's profit for the period is £14,666,000 (30 June 2020: £4,075,000).

The company's balance sheet is set out on page 15 and shows net assets including pension scheme liabilities at 31 December 2020 of £53,597,000 (30 June 2020: £54,104,000).

The company's response to COVID-19 is set out on page 3.

Key performance indicators ("KPIs")

As a service company, KPIs of the business relate to cost. Employee costs are the single largest category of cost. Both total cost and headcount numbers are monitored closely with total costs reducing by 49% owing to a shorter accounting period and headcount remaining broadly consistent with the prior year. The total employee cost for the period ended 31 December 2020 was £201,131,000 (30 June 2020: £339,139,000) and the average monthly number of employees was 2,742 (30 June 2020: 2,717).

Development of the business

On 30 September 2020, the company acquired all assets and assumed the liabilities of its subsidiary, FIL Administration Limited ("FAL") as part of a group restructure. The consideration for the Business Transfer was the net asset value transferred.

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

Risk management

The company is exposed to three broad types of risk: operational, strategic and financial. All risks are actively managed by Senior Management and overseen by Boards, dedicated committees and oversight functions.

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people or systems, or from external events. It is the largest risk to which the FHL group, of which the company is a subsidiary, is exposed.

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

The FHL group is actively managing all of these risks and employs a number of methods for mitigating operational risk, principally the implementation of systems and controls. Where services are provided by third parties, the FHL group performs due diligence processes and monitors and manages supplier performance. Risk assessments are performed regularly to identify and re-assess risks, controls and appropriate mitigation action.

FIL Investment Management Limited

Strategic report
for the six month period ended 31 December 2020 (*continued*)

Risk management (*continued*)

Strategic risk

Strategic risk is the risk associated with an inappropriate or non-performing business strategy. This risk type includes risks arising from external market dynamics, such as macro-economic or industry developments, failure to implement or act upon strategic plans, and poor business or investment performance. Climate risks and Environmental, Social and Governance ("ESG") risks are managed as part of the strategic risk portfolio. Strategic risks are re-assessed half-yearly at a minimum and actively managed by senior management.

Financial risk

Financial risk may arise in the course of business and includes liquidity risk, market risk and credit risk. The company does not undertake principal trading nor does it actively take on credit, market or liquidity risks, other than incidentally to its operational activity. In addition, the company is exposed to pension risk, which is the risk that the liabilities of the defined benefit pension plan (for former employees) are not fully funded. This risk is deemed immaterial.

Liquidity risk

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

Market risk

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

Credit risk

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

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

Statement on Section 172(1) of the Companies Act

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

FIL Investment Management Limited

Strategic report

for the six month period ended 31 December 2020 (*continued*)

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

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

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

Employees

Key considerations around the company's employees are discussed in the Engagement with Employees section of the Directors' Report on page 6.

Customers

The company can only succeed by meeting the need of its current and prospective Customers - well summarised by FIL's overall mission 'working together to build better financial futures'. More detail on engagement with Customers is included within the Engagement with Key Stakeholders section of the Directors' Report on page 7.

Suppliers

Key considerations around suppliers are discussed in the Engagement with Key Stakeholders section of the Directors' Report on page 7.

Communities and environment

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

Reputation and high standards of business conduct

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

Response to COVID-19

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

FIL Investment Management Limited

**Strategic report
for the six month period ended 31 December 2020 (continued)**

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

Response to COVID-19 (continued)

The company continues to actively support employees in a range of ways throughout the pandemic, with the vast majority of staff working from home which was successfully implemented ahead of the original 'lockdown' imposed by the UK Government. The wellbeing of staff has continued to be of paramount importance during this period. The Board and the Audit Risk Committee ("ARC") have considered and reflected on the steps taken to ensure staff wellbeing during these unprecedented times and whether there are unidentified or longer-term implications in this regard.

The company continues to maintain its ability to service customers and has suffered no significant reduction in service levels after the change to staff working from home model. This change necessitated revisions to certain operating practices and the risk implications of these revisions and compensatory controls continue to be carefully monitored.

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

Throughout the pandemic, the company has continued to maintain adequate liquidity to support the business in meeting its obligations and upholds the highest standards of business conduct. The company did not participate in any emergency government support schemes relating to COVID-19.

Exit from the European Union ("EU")

The UK left the EU on 31 December 2020 and, ahead of this, the FHL Board monitored the preparedness of the FHL group. The FHL Board considered that all necessary changes to operational processes and legal structures were in place and that the business was prepared for Day 1 readiness. This included the ongoing ability to trade and maintain client access to monies, as well as online and phone services. The FHL group continues to monitor and evaluate any emerging impact of the UK exit and will respond accordingly.

The FHL group recognises suppliers and counterparties as critical to its ongoing success. As part of its planning for the UK exit from the EU it considered the impact on the FHL group's relationship with suppliers; regular engagement had taken place with key suppliers and counterparties to ensure they were equally well prepared for the UK exit.

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

Approval

This strategic report was approved on behalf of the Board on 26 March 2021.



Director

FIL Investment Management Limited

Directors' report for the six month period ended 31 December 2020

The directors present their report together with the audited financial statements for the period ended 31 December 2020.

Directors

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

M Heath
R Musgrove
S Nelson

Corporate Governance Statement

The company's principal activities are the provision of administration and other services primarily to companies within the FHL group. As such, the governance function is largely at the FHL group level and so a Corporate Governance Statement for the FHL group which incorporates the company can be found within the FHL group's report and financial statements.

Dividends

An interim dividend of £15,000,000 (30 June 2020: £nil) was paid in the period. No final dividend is proposed (30 June 2020: £nil).

Future developments

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

Change of accounting period

The board approved a change to the accounting reference date of the company from 30 June to 31 December. These financial statements therefore reflect a six-month accounting period from 1 July 2020 to 31 December 2020. The comparative amounts presented in the Profit and loss account, Statement of comprehensive income, Statement of changes in equity, and the related notes are for the twelve months from 1 July 2019 to 30 June 2020.

Financial risk management

Information on the financial risk management of the company has been included in the strategic report on pages 1 and 2.

Qualifying third party pension scheme indemnity provision

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

FIL Investment Management Limited

Directors' report
for the six month period ended 31 December 2020 (continued)

Engagement with Employees

The company's employee engagement strategy includes achieving a common awareness of the financial and economic factors affecting the performance of the company. The company maintains its commitment to pro-active programmes for involving employees in its affairs. This is achieved in a variety of ways, including the regular publication of online news articles, video presentations and employee business briefings. Regular Leadership webinars are published for all employees and include both business and finance updates. KPIs are also published on the company's intranet homepage. The company is proactive in communication regarding the impacts of COVID-19 on the company's performance and provides regular updates on this and the impact on employees.

Involvement of employees in the company's performance is encouraged by means of a performance related annual bonus, through medium term incentive plans linked to the performance of Fidelity International and through the opportunity for certain senior employees to become and remain shareholders in FIL Limited, the ultimate parent company.

The company's policy is to provide equal opportunities to all employees regardless of their gender, race, ethnic origin, nationality, religion, age, sexual orientation, gender identity or expression, disability or social background. The Diversity and Inclusion strategy and programmes are governed by the Global D & I Leadership Council, made up of senior leaders across the global firm. This council sets the tone and strategy from the top to ensure the company is inclusive, diverse and is engaging all employees. It meets at least quarterly to review progress against diversity and inclusion initiatives, and against targets for boards, senior roles and overall.

The FHL group is a signatory of the Women in Finance Charter and had committed to increasing representation of women in senior roles from 26% in 2017 to 30% by December 2020. The FHL group achieved this target in November 2019 and as of 31 December 2020 the FHL group had 32% of its senior roles filled by women. The FHL group has now set a new target to reach 35% women in senior roles by 2023. The FHL group is also a signatory to the 30% Club's Statement of Intent, the Race at Work Charter, the Valuable 500 and the UN Standards of Conduct for Business on Tackling Discrimination against LGBTI people.

The company is a member of a number of best practice diversity and inclusion organisations including the Business Disability Forum, Stonewall, Diversity Project, Women on Boards, Involve, Valuable 500, Women of the Future, LGBT Great and the 30% Club. In 2020 Fidelity International received the Women in Investment Award for Contribution to Gender Diversity. The FIL Group Chief Executive Officer is a regular spokesperson at significant industry wide events and programmes sponsoring diversity at a sector wide level.

Targeted learning and development programmes include unconscious bias training, coaching and mentoring, cross-company mentoring for LGBT+ and Black, Asian and minority ethnic employees, and executive presence for women in senior roles. The company's training and development programmes support the policies in place to ensure a culture of inclusion prevails throughout the organisation. The company seeks feedback from employees through regular pulse surveys. These surveys are an important feedback loop in the diversity and inclusion strategy, and inform changes to policy, process and future training needs.

The company's policy on Dignity at Work; Bullying and Sexual Harassment is regularly reviewed and updated and is supported by processes to address employee grievances. The company is committed to supporting working families through its global dynamic working programme which offers flexible working policies and practices. It continues to support women returners and providing access for junior level women to role models and sponsors higher up the organisation.

The company announced a new company-wide Enhanced Parental Leave Policy during the previous year, enabling fathers and secondary carers to take the same amount of paid leave as mothers and primary carers.

FIL Investment Management Limited

Directors' report for the six month period ended 31 December 2020 (*continued*)

Engagement with other Stakeholders

Suppliers

The company recognises suppliers as critical to its ongoing success and depends upon them to fulfil a broad range of services including but not limited to fund administration, accounting, custody, market data, and technology. The company seeks to partner with third parties who operate in accordance with the company's own business values, which are reflected in the Supplier Code of Conduct.

The company engages with its key suppliers regularly, to undertake due diligence, risk assessment, and ongoing oversight, in order to ensure that they meet the high standards and behaviours the company and its clients expect. Additionally, the company works with key suppliers in order to build ongoing partnerships and collaborate towards short-and long-term goals.

The company is committed to the fair treatment of suppliers, and ensures prompt payment for all third parties that it works with.

Customers

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

Communities and environment

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

Streamlined Energy and Carbon reporting ("SECR")

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

FIL Investment Management Limited

Directors' report for the six month period ended 31 December 2020 (*continued*)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

Independent auditors

The Board reappointed PricewaterhouseCoopers LLP as auditors to the company for the period (having first been appointed on 6 March 2003). Auditor independence and the terms of reappointment are considered by the FHL Audit and Risk Committee prior to recommendation to the Board for approval.

Approval

This Directors' Report was approved on behalf of the Board on 26 March 2021.



R Musgrove
Director

FIL Investment Management Limited

Independent auditors' report to the members of FIL Investment Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, FIL Investment Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the six month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Report"), which comprise: the Balance sheet as at 31 December 2020; the Profit and loss account, the Statement of comprehensive income, and the Statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of the company cash flow forecasts and sensitivity analysis prepared by management to ensure the going concern basis of accounting is appropriate, both in the base case scenario and the severe but plausible downside scenario.
- Evaluation of the significant assumptions within the company cashflow forecast models and test of the significant assumptions by agreeing to historical and current evidence.
- Evaluation of management's disclosures in the financial statements relating to going concern.
- Evaluation of the management's going concern assessment through inquiry and review of the Board and the Audit & Risk Committee meeting minutes.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

FIL Investment Management Limited

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

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

FIL Investment Management Limited

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

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

Auditors' responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations, including those that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or expenses. Audit procedures performed included:

- Enquiries with management, including the compliance, internal audit and risk teams, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board and the Audit & Risk Committee;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, entries posted with unusual amounts and entries posted by unexpected users, where any such journal entries were identified; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

FIL Investment Management Limited

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jennifer March (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 March 2021

FIL Investment Management Limited

Profit and loss account for the six month period ended 31 December 2020

	Note	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Turnover		408,562	798,328
Administrative expenses		(401,997)	(793,099)
Operating profit	3	6,565	5,229
Interest receivable and similar income	6	10,921	298
Interest payable and similar charges	7	(137)	(153)
Other finance costs	8	(110)	(177)
Profit on ordinary activities before tax		17,239	5,197
Tax on profit on ordinary activities	9	(2,573)	(1,122)
Profit for the financial period / year		14,666	4,075

All operations are continuing.

The notes on pages 17 to 33 form part of these financial statements.

FIL Investment Management Limited

Statement of comprehensive income for the six month period ended 31 December 2020

	Note	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Profit for the financial period / year		14,666	4,075
Remeasurement loss on defined benefit pension scheme	20	(240)	(6,408)
Movement on deferred tax relating to pension liability	9	67	1,291
Total other comprehensive expense for the period / year, net of tax		(173)	(5,117)
Total comprehensive income / (expense) for the period / year		14,493	(1,042)

The notes on pages 17 to 33 form part of these financial statements.

FIL Investment Management Limited

Balance sheet at 31 December 2020

	Note	31 December 2020 £'000	31 December 2020 £'000	30 June 2020 £'000	30 June 2020 £'000
Fixed assets					
Intangible assets	11		991		-
Tangible assets	12		91,989		-
Investments	13		50		10,050
			<u>93,030</u>		<u>10,050</u>
Current assets					
Debtors:					
amounts falling due within one year	14	182,712		252,785	
amounts falling due after more than one year	15	20,100		12,719	
Investments	16	56,913		43,011	
		<u>259,725</u>		<u>308,515</u>	
Creditors: amounts falling due within one year	17	<u>(231,601)</u>		<u>(215,586)</u>	
Net current assets			<u>28,124</u>		<u>92,929</u>
Total assets less current liabilities			<u>121,154</u>		<u>102,979</u>
Creditors: amounts falling due after more than one year	18		<u>(47,577)</u>		<u>(34,245)</u>
Provisions for liabilities	19		<u>(5,000)</u>		<u>-</u>
Net assets excluding pension liabilities			<u>68,577</u>		<u>68,734</u>
Pensions and similar obligations	20		<u>(14,980)</u>		<u>(14,630)</u>
Net assets			<u>53,597</u>		<u>54,104</u>
Capital and reserves					
Called up share capital	21		30,000		30,000
Profit and loss account	22		23,597		24,104
Total equity			<u>53,597</u>		<u>54,104</u>

The notes on pages 17 to 33 form part of these financial statements.

The financial statements on pages 13 to 33 were approved by the Board of Directors on 26 March 2021 and signed on its behalf by:



R Musgrove
Director

Company registration number: 2349713

FIL Investment Management Limited

Statement of changes in equity for the six month period ended 31 December 2020

	Note	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 July 2019		30,000	25,146	55,146
Profit for the year		-	4,075	4,075
Other comprehensive expense for the year		-	(5,117)	(5,117)
Total comprehensive expense for the year		-	(1,042)	(1,042)
At 30 June 2020		30,000	24,104	54,104
Profit for the period		-	14,666	14,666
Other comprehensive expense for the period		-	(173)	(173)
Total comprehensive income for the period		-	14,493	14,493
Dividends	10	-	(15,000)	(15,000)
At 31 December 2020		30,000	23,597	53,597

The notes on pages 17 to 33 form part of these financial statements.

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020

1 Accounting policies

General information

FIL Investment Management Limited is a private company limited by shares and incorporated in England. The registered office is 4 Cannon Street, London, United Kingdom, EC4M 5AB.

Statement of compliance

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

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

Basis of preparation

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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

Change of accounting period

The company changed its accounting reference date from 30 June to 31 December with these financial statements being the first presented to the new period end date. The financial statements are presented for the 6 months ended 31 December 2020 with comparatives for the 12 months ended 30 June 2020. The comparative amounts presented in these financial statements (including the related notes) are not entirely comparable.

Turnover

Turnover, which arises primarily within the United Kingdom and excludes value added tax, is earned mainly from the provision of administration and other services to FHL group companies. Turnover is recognised as earned on an accruals basis.

Administrative expenses

Administrative expenses are accounted for on an accrual basis.

Financial instruments

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

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes expenditure that is directly attributable to making the asset capable of operating in the manner intended

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land and artwork and antiques, over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold property improvements	-	4 to 25 years
Office equipment	-	3 to 4 years
Fixtures and fittings	-	5 years
Computer hardware	-	5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

Intangible assets and amortisation

Computer software costs are recognised as intangible assets and are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost less their residual values over their estimated useful lives, which range from 3 to 5 years, using the straight-line method.

Gains and losses on retirement and disposals of computer software are determined by comparing the proceeds with the carrying amount and are recognised within 'other operation income' in the profit and loss account.

Intangible assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Amortisation of intangible assets is included within administrative expenses in the profit and loss account.

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and value in use.

All non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased. A reversal of an impairment loss is recognised in profit or loss.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less any accumulated impairment.

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

Current asset investments

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

Cash

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

Debtors

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

Creditors

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

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the balance sheet date.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Foreign currency translation

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

Dividends

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

Leased assets

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the lease.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 July 2014) to continue to be charged over the period to the first market rent review rather than the term of lease.

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

Leased assets (continued)

For leases entered into on or after 1 July 2014, the aggregate benefit of lease incentives received to enter into operating lease agreements are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Current and deferred tax

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

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

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

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

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

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

Pension costs

The company operates a self-administered defined contribution pension scheme open to all employees aged 18 or over. Contributions to the defined contribution scheme are charged to the profit and loss account in the period to which they relate.

The final salary guarantee and internal annuity parts of the pension plan, as described in note 20, are treated as funded defined benefit schemes. A defined benefit scheme defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit scheme is a pension plan that is not a defined contribution scheme.

The liability recognised in the balance sheet in respect of the defined benefit schemes is the present value of the defined benefit obligation at the reporting date less the fair value of the scheme assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. At each accounting period end, the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of scheme assets is measured in accordance with the FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

Pension costs (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on scheme assets, less amounts included in net interest, are disclosed as 'remeasurement on defined benefit pension schemes'.

The cost of the defined benefit schemes recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets. This cost is recognised in profit or loss as 'other finance costs'.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements and estimates.

a. Significant judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

- *Impairment of non-financial assets*

In determining whether there are indicators of impairment of the company's tangible and intangible assets, the factors taken into consideration include the economic viability and expected future financial performance of the asset. Where there are indicators of impairment of individual assets, the company would perform impairment tests based on fair value less costs to sell or a value in use calculation.

b. Other key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- *Tangible fixed assets and intangible assets*

Tangible fixed assets, other than freehold land, artwork and antiques, and computer software are depreciated or amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at each accounting period end and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (*continued*)

- *Pension benefits*

The costs of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of high quality sterling corporate bonds, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables and future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 20.

- *Taxation*

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of future planning strategies. Further details are contained in note 9.

- *Bonus accrual*

The company operates performance related annual bonus plans for employees. The bonus accrual amount recognised is the best estimate of the expected bonus pay out under the plans at the balance sheet date, taking into account business performance, business outlook, financial markets and the operating environment.

- *Provisions*

Provision is made for asset retirement obligations which requires management's best estimate of the costs that will be incurred based on legislative, contractual requirements, experience, judgement and taking into account the risks and uncertainties surrounding the obligation. Further details are contained in note 19.

3 Operating profit

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	3,312	-
Amortisation of intangible assets	297	-
Operating lease rentals	8,637	16,901
Exchange differences	(1,145)	1,788

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

The audit fees for the company are £49,000 (30 June 2020: £40,000).

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

4 Employees

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Staff costs (including directors) for all employees consist of:		
Wages and salaries	165,602	281,367
Social security costs	22,304	35,756
Other pension costs	13,225	22,016
	<u>201,131</u>	<u>339,139</u>

There were no outstanding or prepaid contributions to the pension scheme at 31 December 2020 (30 June 2020: £nil).

The average monthly number of employees (including directors) during the period was as follows:

	6 months ended 31 December 2020 Number	12 months ended 30 June 2020 Number
Sales and marketing	489	459
Investment professionals	248	240
Administration	2,005	2,018
	<u>2,742</u>	<u>2,717</u>

5 Directors' remuneration

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Directors' emoluments	100	132
Company pension contributions to defined contribution schemes	1	3
Compensation for loss of office	-	17
	<u>101</u>	<u>152</u>

During the period, retirement benefits were accruing to 2 directors (30 June 2020: 3) under a defined contribution scheme. No benefits accrued to directors under the defined benefit scheme (30 June 2020: none).

Emoluments of the highest paid director were £92,000 (30 June 2020: £108,000). Company pension contributions of £1,000 (30 June 2020: £1,000) were made to a defined contribution scheme on their behalf.

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

6 Interest receivable and similar income

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Other interest receivable	15	103
Group interest receivable	-	195
Income from fixed asset investments (note 13)	10,906	-
	<u>10,921</u>	<u>298</u>

7 Interest payable and similar charges

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Bank loans and overdrafts	<u>137</u>	<u>153</u>

8 Other finance costs

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Net interest on net defined benefit pension liability	<u>110</u>	<u>177</u>

9 Tax

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
<i>Current tax</i>		
UK corporation tax on profits for the period / year	4,375	5,616
Adjustments in respect of prior years	63	1,431
Total current tax	<u>4,438</u>	<u>7,047</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	<u>(1,865)</u>	<u>(5,925)</u>
Tax on profit on ordinary activities	<u>2,573</u>	<u>1,122</u>

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)

9 Tax (continued)

The tax assessed for the period is lower (30 June 2020: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Profit on ordinary activities before tax	17,239	5,197
Profit on ordinary activities at the standard rate of UK corporation tax of 19% (30 June 2020: 19%)	3,275	987
Effects of:		
Non-qualifying depreciation	49	-
Expenses not deductible for tax purposes	130	161
Adjustments in respect of prior years	63	1,431
Compensating adjustments	1,128	2,691
Prior year deferred tax movement	-	(3,243)
Non taxable income	(2,072)	3
Other	-	(908)
Total tax charge for period / year	2,573	1,122

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a credit of £67,000 (30 June 2020: £1,291,000).

The Finance Act 2020, which received Royal Assent on 22 July 2020, announced that the Corporation Tax rate for the years starting 1 April 2020 and 2021 would remain at 19%, rather than reducing to 17% as previously announced.

The deferred tax asset in the balance sheet consists of:

	31 December 2020 £'000	30 June 2020 £'000
Accelerated capital allowances	7,021	5,301
Bonus	11,849	9,714
Defined benefit pension scheme	2,846	2,780
	21,716	17,795

The movements on the deferred tax asset are as follows:

	31 December 2020 £'000	30 June 2020 £'000
At 1 July	17,795	10,579
Deferred tax credit in the profit and loss account for the period / year	1,865	5,925
Amount credited to other comprehensive income	67	1,291
Deferred tax transferred from FAL as part of business transfer	1,989	-
At 31 December / 30 June	21,716	17,795

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

9 Tax (*continued*)

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

The net reversal of deferred tax assets and liabilities expected in 2021 is £1,956,000 (30 June 2020: £5,416,000). This is expected to arise predominantly because of the unwinding of timing differences in relation to staff bonuses. However, it should be noted that further reversals (or further increases in deferred tax balances) may arise as a result of revaluations of financial instruments and changes in the defined benefit pension liability. As the future deferred tax balances, if any, will be dependent on future changes in fair values of assets and liabilities, it is not possible to estimate any further future reversals.

10 Dividends

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
Equity - Ordinary shares		
Interim paid of £0.50 (30 June 2020: £nil) per £1 share	15,000	-

The directors have not proposed a final dividend for the period ended 31 December 2020 (30 June 2020: £nil).

11 Intangible assets

	Computer Software £'000
Cost	
At 1 July 2020	-
Additions	1,288
Disposals	-
At 31 December 2020	1,288
Accumulated amortisation	
At 1 July 2020	-
Provision for period	(297)
Disposal	-
At 31 December 2020	(297)
Net book value	
At 31 December 2020	991
At 30 June 2020	-

The intangible assets of £1,288,000 were acquired from FIL Administration Limited as part of the business transfer on 30 September 2020.

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

12 Tangible assets

	Leasehold improvements £'000	Office equipment and computer hardware £'000	Fixtures and fittings £'000	Total £'000
<i>Cost or valuation</i>				
At 1 July 2020	-	-	-	-
Additions	62,165	21,418	11,718	95,301
Disposals	-	-	-	-
	<u>62,165</u>	<u>21,418</u>	<u>11,718</u>	<u>95,301</u>
At 31 December 2020				
<i>Accumulated depreciation</i>				
At 1 July 2020	-	-	-	-
Provision for period	(1,024)	(2,161)	(127)	(3,312)
Disposals	-	-	-	-
	<u>(1,024)</u>	<u>(2,161)</u>	<u>(127)</u>	<u>(3,312)</u>
At 31 December 2020				
<i>Net book value</i>				
At 31 December 2020	<u>61,141</u>	<u>19,257</u>	<u>11,591</u>	<u>91,989</u>
At 30 June 2020	-	-	-	-

Tangible assets totalling £84,096,000 were acquired from FIL Administration Limited as part of the business transfer on 30 September 2020.

Fixtures, fittings and equipment at 31 December 2020 includes artwork and antiques of £10,010,000 which have not been depreciated because the residual value exceeds cost.

13 Fixed asset investments

	Other Investments £'000
<i>Cost and net book value</i>	
At 1 July 2020	10,050
Disposal	(10,000)
	<u>50</u>
At 31 December 2020	

The company's investments, none of which are listed investments, are detailed below. The country of incorporation for all undertakings is England and Wales.

Name of company	Proportion of nominal value of ordinary shares and voting rights	Principal activity
FIL Administration Limited	100%	Dormant
FPM Nominees Limited	100%	Dormant
Fidelity Investments Limited	100%	Dormant
FIL SIPP Trustee (UK) Limited	100%	Dormant
FIL (UK) Limited	99%	Dormant
Soclear Nominees Limited	50%	Dormant

The registered office address for all subsidiaries is 4 Cannon Street, London, England, EC4M 5AB.

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)

13 Fixed asset investments (continued)

The company is included in the consolidated financial statements of FIL Holdings (UK) Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The company has received a dividend of £10,906,000 during the period ended 31 December 2020 (30 June 2020: £nil) from FIL Administration Limited.

14 Debtors: amounts falling due within one year

	31 December 2020 £'000	30 June 2020 £'000
Amounts owed by parent undertaking	82,795	83,709
Amounts owed by group undertakings	55,452	131,652
Other debtors	1,067	800
Corporation tax	9,874	6,218
VAT recoverable	9,422	4,133
Deferred tax asset (note 9)	1,956	5,416
Prepayments and accrued income	22,146	20,857
	<u>182,712</u>	<u>252,785</u>

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

15 Debtors: amounts falling due after more than one year

	31 December 2020 £'000	30 June 2020 £'000
Long term deposit	340	340
Deferred tax asset (note 9)	19,760	12,379
	<u>20,100</u>	<u>12,719</u>

16 Current asset investments

	31 December 2020 £'000	30 June 2020 £'000
Mutual and collective fund investments	<u>56,913</u>	<u>43,011</u>

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)

17 Creditors: amounts falling due within one year

	31 December 2020 £'000	30 June 2020 £'000
Bank overdrafts	45,990	23,168
Amounts owed to group undertakings	25,739	48,210
Other taxation and social security	54,915	6,588
Other creditors	10,688	14,704
Accruals and deferred income	94,269	122,916
	<u>231,601</u>	<u>215,586</u>

The company's bank overdraft is subject to a legal set off agreement as explained in note 25.

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

18 Creditors: amounts falling due after more than one year

	31 December 2020 £'000	30 June 2020 £'000
Accruals and deferred income	<u>47,577</u>	<u>34,245</u>

Creditors falling due after more than one year consist of long term bonus accruals.

19 Provisions for liabilities

	Asset retirement obligations £'000
At 1 July 2020	-
Capitalised in cost of assets	<u>5,000</u>
At 31 December 2020	<u>5,000</u>

As part of its property leasing arrangements, the company has an obligation to return some properties to their original condition following recent significant leasehold improvements. The expected cost to remove the improvements on one of the properties is capitalised as a part of the leasehold improvement asset. The provision is expected to be utilised at the end of the lease in 2024. For the remaining properties, the asset retirement obligations were assessed as £nil based on management's judgement around probable future cashflows.

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)

20 Pensions and similar obligations

The company operates a defined contribution pension scheme, the Fidelity UK Pension Plan (the 'Plan').

Until 1986, the company operated a defined benefit pension scheme. At that time, a number of employees were given assurances that their defined contribution pension pool would be not less than the amount required to buy an annuity under the original scheme. The final salary guarantee ("FSG") part of the Plan is therefore treated as a funded defined benefit scheme and is made up exclusively of deferred members.

In addition, the Plan offers members who retire the option to buy an annuity within the scheme. Assets are transferred from individual member accounts and held within an annuity pool account 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 the company. The internal annuity part of the Plan is also treated as a funded defined benefit scheme. The trustees have reserved the right to retract, amend or remove this option with a thirty day notice period to members.

Assets of the Plan are held in a separate trustee managed scheme and are ring fenced from the assets of the company.

UK defined benefit pension scheme

A full actuarial valuation of the FSG and internal annuity parts of the Fidelity UK Pension Plan was carried out at 30 June 2018 by WillisTowersWatson Limited (the "Actuary"). In addition, the Actuary undertakes a valuation at each accounting period end for the purposes of the disclosures in these financial statements.

<i>Principal actuarial assumptions used at the balance sheet date</i>	31 December 2020 %	30 June 2020 %
Discount rate	1.30	1.50
Rate of increase in pensions in payment		
- Annuity pool pensioners	2.00	1.95
- FSG members	3.60	3.50
Inflation rate	3.40	3.30
	<hr/>	<hr/>
<i>Assets and liabilities of the scheme</i>	31 December 2020 £'000	30 June 2020 £'000
<i>Scheme assets at fair value:</i>		
Equities	8,918	8,499
Debt	13,296	12,814
Property	1,297	1,292
Cash	2,594	1,008
Other	919	2,221
	<hr/>	<hr/>
Fair value of scheme assets	27,024	25,834
Present value of scheme liabilities	(42,004)	(40,464)
	<hr/>	<hr/>
Net defined benefit liability	(14,980)	(14,630)

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (*continued*)

20 Pensions and similar obligations (*continued*)

Amounts recognised in profit and loss account

	6 months ended 31 December 2020 £'000	12 months ended 30 June 2020 £'000
--	---	--

Net interest on net defined benefit liability	(110)	(177)
---	-------	-------

Amounts recognised in other comprehensive income

Actuarial loss arising during period / year	(1,726)	(4,554)
Return on plan assets greater / (less) than discount rate	1,486	(1,854)
Remeasurement losses recognised in other comprehensive income	(240)	(6,408)

	31 December 2020 £'000	30 June 2020 £'000
--	------------------------------	--------------------------

Reconciliation of present value of plan liabilities

At 1 July	40,464	36,053
Interest cost	300	783
Remeasurement loss	1,726	4,554
Benefits paid	(486)	(959)
Contributions in respect of benefits secured by annuity pool pensioners	-	33
At 31 December / 30 June	42,004	40,464

Reconciliation of fair value of plan assets

At 1 July	25,834	28,008
Interest income	190	606
Return on plan assets greater / (less) than discount rate	1,486	(1,854)
Benefits paid	(486)	(959)
Contributions in respect of benefits secured by annuity pool pensioners	-	33
At 31 December / 30 June	27,024	25,834

21 Called up share capital

	31 December 2020 £'000	30 June 2020 £'000
--	------------------------------	--------------------------

Allotted, called up and fully paid

30,000,000 (30 June 2020: 30,000,000) ordinary shares of £1 each	30,000	30,000
--	--------	--------

22 Reserves

Profit and loss account

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

FIL Investment Management Limited

Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)

23 Capital commitments

Capital commitments in relation to the purchase of fixed assets and leasehold improvements were £9,852,000 as at 31 December 2020 (30 Jun 2020: £nil).

24 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	31 December 2020 £'000	30 June 2020 £'000
Not later than 1 year	15,467	11,993
Later than 1 year and not later than 5 years	49,673	54,681
Later than 5 years	91,750	95,400
Total	<u>156,890</u>	<u>162,074</u>

25 Contingent liabilities and guarantees

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

As at 31 December 2020 the net bank balance on FHL group accounts held within the arrangement was £13,416,000 (30 June 2020: £21,333,000).

26 Financial instruments

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

	31 December 2020 £'000	30 June 2020 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	56,913	43,011
Financial assets that are debt instruments measured at amortised cost	<u>139,314</u>	<u>216,161</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>36,427</u>	<u>62,914</u>

Financial assets measured at fair value through profit or loss comprise current asset investments.

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

Financial liabilities measured at amortised cost comprise other creditors and amounts owed to group undertakings.

FIL Investment Management Limited

**Notes forming part of the financial statements
for the six month period ended 31 December 2020 (continued)**

27 Statement of cash flows and related party transactions

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

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

The company provides administrative services to an entity over which FIL Limited has significant influence. During the period ended 31 December 2020, the company has recorded turnover of £nil (30 June 2020: £183,000) for such services and the amount due at 31 December 2020 was £nil (30 June 2020: £nil).

28 Ultimate parent undertaking and controlling party

The immediate parent undertaking is FIL Holdings (UK) Limited, a company registered in England and Wales. This is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of FIL Holdings (UK) Limited may be obtained from The Company Secretary, FIL Investment Management Limited, 4 Cannon Street, London, England, EC4M 5AB.

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