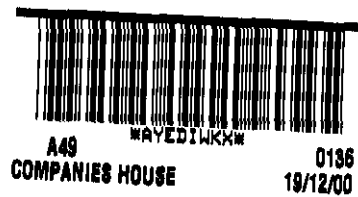


**FIDELITY INVESTMENT MANAGEMENT
LIMITED**

(Registered no : 2349713)

**Annual Report
for the year ended 30 June 2000**



FIDELITY INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 June 2000

The directors submit their annual report and financial statements for the year ended 30 June 2000, to be presented at the annual general meeting of the company.

Principal activities

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

Review of business and future developments

Both the level of business and the year end financial position remain satisfactory. Strong investment performance in most major markets and sustained good relative performance by Fidelity's fund managers have led to a strong level of sales and enhanced profitability for the group. Repetition of this level of profits in future years will be dependent on continued market strength and investor confidence.

FundsNetwork, Fidelity's funds supermarket accessed via the www.fidelity.co.uk website, was launched in June 2000. It currently offers direct customers and brokers the opportunity to make a selection from two hundred and fifty funds managed by fourteen different fund companies for investment within the Fidelity ISA.

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

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year ended 30 June 2000, all of whom have been directors for the whole year, unless otherwise stated, are listed below:

E C Johnson 3rd	(Chairman)
B R J Bateman	
A J Bolton	
M P Cambridge	
S J Fraser	(Appointed 29 February 2000)
S M Haslam	
R A M Horlick	(Appointed 29 February 2000)
R M Sylvain	
R C Wastcoat	(Appointed 29 February 2000)

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

Fixed assets

In the opinion of the directors there is no difference of significance to the shareholders between the market value and the book value of the group's freehold properties at 30 June 2000.

FIDELITY INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT - Continued

Directors' interests in shares

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

Employees

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

The group's policy is to employ disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements would be made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Charitable contributions

During the year the group made charitable contributions totalling £3,383,000 (1999: £1,497,062).

Directors' loans

During the year, a quasi loan was made to one director. The amount outstanding at 30 June 2000 was £3,272 (1999: £3,156).

Registered auditors

A resolution to reappoint PricewaterhouseCoopers as auditors will be proposed at the annual general meeting.

By order of the board



S M Haslam
Company Secretary
28 November 2000

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

FIDELITY INVESTMENT MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

By order of the board



S M Naslam
Company Secretary
28 November 2000

FIDELITY INVESTMENT MANAGEMENT LIMITED

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

We have audited the financial statements on pages 5 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

28 November 2000

FIDELITY INVESTMENT MANAGEMENT LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
30 June 2000**

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Turnover		323,558	220,756
Cost of sales		(48,960)	(46,288)
Gross profit		274,598	174,468
Administrative expenses		(244,042)	(162,484)
Amortisation of goodwill	6	(1,051)	(1,051)
Operating profit		29,505	10,933
Interest receivable		2,240	1,700
Interest payable		(292)	(249)
Profit on ordinary activities before taxation	4	31,453	12,384
Tax on ordinary activities	5	(11,408)	(7,306)
Profit on ordinary activities after taxation		20,045	5,078
Minority interests		(218)	(41)
Profit for the year		19,827	5,037

All businesses are regarded as continuing.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year in the profit and loss account, and their historical cost equivalents.

The notes on pages 9 to 25 form part of these financial statements.

FIDELITY INVESTMENT MANAGEMENT LIMITED

BALANCE SHEETS AS AT 30 June 2000

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<u>2000</u> £'000	<u>1999</u> £'000	<u>2000</u> £'000	<u>1999</u> £'000
Fixed assets					
Intangible assets	6	9,457	10,508	-	-
Tangible assets	7	62,722	39,927	-	-
Interests in group undertakings	8	-	-	57,491	45,490
		<u>72,179</u>	<u>50,435</u>	<u>57,491</u>	<u>45,490</u>
Current assets					
Stock of holdings		3,930	190	-	-
Debtors: amounts falling due within one year	9	237,526	162,353	65,155	34,870
Debtors: amounts falling due after more than one year	10	3,221	3,616	5,258	5,616
Cash at bank and in hand	11	17,686	28,792	-	6,281
		<u>262,363</u>	<u>194,951</u>	<u>70,413</u>	<u>46,767</u>
Creditors: amounts falling due within one year	12	<u>(278,160)</u>	<u>(208,007)</u>	<u>(95,630)</u>	<u>(60,517)</u>
Net current liabilities		<u>(15,797)</u>	<u>(13,056)</u>	<u>(25,217)</u>	<u>(13,750)</u>
Total assets less current liabilities		56,382	37,379	32,274	31,740
Creditors: amounts falling due after more than one year	14	<u>(1,015)</u>	<u>(1,765)</u>	<u>(805)</u>	<u>(1,544)</u>
Net assets		<u>55,367</u>	<u>35,614</u>	<u>31,469</u>	<u>30,196</u>
Capital and reserves					
Called up share capital	19	30,000	30,000	30,000	30,000
Other reserves	20	1,503	1,503	1,503	1,503
Profit and loss account	20	23,425	3,889	(34)	(1,307)
Total equity shareholder's funds		<u>54,928</u>	<u>35,392</u>	<u>31,469</u>	<u>30,196</u>
Minority interests - equity		439	222	-	-
		<u>55,367</u>	<u>35,614</u>	<u>31,469</u>	<u>30,196</u>

The financial statements on pages 5 to 25 were approved by the Board of Directors on 28 November 2000 and were signed on its behalf by


S M Haslam
 Director

The notes on pages 9 to 25 form part of these financial statements

FIDELITY INVESTMENT MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 June 2000**

	2000 £'000	1999 £'000
Profit for the financial year	19,827	5,037
Currency translation differences on foreign currency net investments	(291)	24
Total recognised gains	19,536	5,061

The notes on pages 9 to 25 form part of these financial statements

FIDELITY INVESTMENT MANAGEMENT LIMITED

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
30 June 2000**

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Net cash inflow from operating activities	16		35,508		6,192
Returns on investments and servicing of finance					
Interest received		2,240		1,700	
Interest paid		(292)		(249)	
		<u> </u>		<u> </u>	
Net cash inflow from returns on investments and servicing of finance			1,948		1,451
Taxation					
Corporation tax paid			(11,068)		(3,179)
Capital expenditure					
Purchase of tangible fixed assets		(36,927)		(14,803)	
Sale of tangible fixed assets		702		34	
		<u> </u>		<u> </u>	
Net cash outflow from capital expenditure			(36,225)		(14,769)
			<u> </u>		<u> </u>
			(9,837)		(10,305)
Financing					
Loan repayments	17	(1,269)		(1,224)	
		<u> </u>		<u> </u>	
Net cash outflow from financing			(1,269)		(1,224)
			<u> </u>		<u> </u>
(Decrease) in cash	18		(11,106)		(11,529)
			<u> </u>		<u> </u>

The notes on pages 9 to 25 form part of these financial statements

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

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

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

a) Historical cost convention

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

b) Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2000. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

c) Turnover

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

- i) net revenues receivable from the sale of holdings including franked investment income.
- ii) investment management and investment advisory fees and commissions receivable.
- iii) Performance related fees are deferred until the full performance period has been completed. Performance related fee rebates to clients are accounted for as soon as they can be foreseen on the basis of management's best estimate.

d) Goodwill

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

e) Tangible fixed assets

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

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

1 Principal accounting policies (continued)

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

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

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

f) Interests in group undertakings

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

g) Stocks of 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 payable 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.

h) 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.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

1 Principal accounting policies (continued)

i) Deferred taxation

Provision is made for deferred taxation at the rate of Corporation Tax that is expected to apply when the timing differences are expected to reverse (the liability method) to the extent that it is probable that a liability or asset will crystallise.

j) Pension scheme arrangements

The group operates a self-administered pension scheme open to all employees over 24 years of age. The scheme is a modified defined contribution scheme and as such pension costs are charged to the profit and loss account on an accruals basis in the period in which contributions are payable to the scheme.

k) Leased assets

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

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS – Continued

2 Directors' emoluments

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Aggregate emoluments	3,094	1,632
Company pension contributions to defined contribution schemes	238	184

Retirement benefits are accruing to 8 directors under a defined contribution scheme.

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Highest paid Director		
Aggregate emoluments	816	696
Company pension contributions to defined contribution schemes	66	54

3 Employee information

- a) The average number of persons employed by the group during the year, including directors, was 1,265 (1999 : 1,138).
- b) The aggregate amounts payable for the year for all employees including directors was:

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Salaries and bonus	122,908	74,678
Social security costs	6,237	7,661
Pension contributions (see note 1(j))	5,527	4,206
	-----	-----
	134,672	86,545
	=====	=====

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

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS – Continued

4 Profit on ordinary activities before taxation

	<u>2000</u> £'000	<u>1999</u> £'000
The profit on ordinary activities before taxation is stated after charging/(crediting):		
(Profit)/loss on disposal of tangible fixed assets	(634)	22
Depreciation	14,064	12,302
Operating lease rentals - property	4,948	4,304
- plant and machinery	397	142
Auditors' remuneration for audit services (Company £15,015, 1999 £13,650)	284	244
Auditors' remuneration for other services (Company £115,500, 1999 £105,000)	131	119
	<u>=====</u>	<u>=====</u>

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

5 Taxation

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

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
United Kingdom Corporation Tax at 30% (1999 30.75%):		
Current	11,115	9,886
Deferred	293	(2,900)
Overseas tax	-	320
	<u>11,408</u>	<u>7,306</u>
	=====	=====

The taxation charge for the year has been increased by the incidence of expenditure including the amortisation of goodwill for which no tax relief is available.

- b) The movement on the deferred taxation is as follows: (Group & Company)

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
At 1 July	(2,900)	-
Transfer from/(to) profit and loss account	293	(2,900)
	<u>(2,607)</u>	<u>(2,900)</u>
At 30 June	<u>(2,607)</u>	<u>(2,900)</u>
	=====	=====

- c) There was no potential liability in the company or the group as at either 30 June 1999 or 30 June 2000. The deferred tax asset consists of: (Group & Company)

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Other timing differences	(2,607)	(2,900)
	<u>(2,607)</u>	<u>(2,900)</u>
At 30 June	<u>(2,607)</u>	<u>(2,900)</u>
	=====	=====

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

6 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 July 1999	21,018
Additions	-

At 30 June 2000	21,018

Amortisation	
At 1 July 1999	10,510
Charge for year	1,051

At 30 June 2000	11,561

Net book value	
At 30 June 2000	9,457
	=====
Net book value	
At 30 June 1999	10,508
	=====

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.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

7 Tangible assets - the group

	Freehold property	Short leasehold improve- ments	Office equipment	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 July 1999	20,214	6,147	12,723	52,617	10,038	126	101,865
Exchange differences	-	(7)	(3)	(2)	(3)	(3)	(18)
Additions	4,825	8,476	1,968	17,976	3,013	687	36,945
Disposals	-	(99)	-	(634)	(132)	-	(865)
At 30 June 2000	25,039	14,517	14,688	69,957	12,916	810	137,927
Depreciation							
At 1 July 1999	3,695	3,310	8,863	38,398	7,546	126	61,938
Charge for year	(249)	606	1,770	10,485	1,364	88	14,064
Disposals	-	(66)	-	(634)	(97)	-	(797)
At 30 June 2000	3,446	3,850	10,633	48,249	8,813	214	75,205
Net book value at 30 June 2000	21,593	10,667	4,055	21,708	4,103	596	62,722
Net book value at 30 June 1999	16,519	2,837	3,860	14,219	2,492	-	39,927

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

8 Interests in group undertakings

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

	£'000
Cost or valuation	
At 1 July 1999	45,490
Additions	12,001
Disposals	0

At 30 June 2000	57,491
	=====

On 21 January 2000, 6,000,000 shares were issued at par in Fidelity Investments Services Limited.

On 28 June 2000, 4,000,000 shares were issued at par in Fidelity Investments Services Limited.

On 25 February 2000, 2,000,000 shares were issued at par in Fidelity Pension Management.

On 10 November 1999, 1,000 shares were issued at par in Villa Mumm Limited.

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

A full list of all subsidiaries and other related undertakings is to be annexed to the next Annual Return.

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

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

8 Fixed asset investments - continued

Fidelity Administration Services Limited	Ordinary £1 shares	100.00	England & Wales
Fidelity Investment Services GmbH	Ordinary 1 DM	100.00	Germany
Fidelity Investissements SAS	Ordinary 1 FF	100.00	France

The principal business activities of these subsidiaries are:

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

COB	Commission Operations des Bourses
IMRO	Investment Management Regulatory Organisation
PIA	Personal Investment Authority

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

9 Debtors: amounts falling due within one year

	<u>The Group</u>		<u>The Company</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accounts receivable - customers and funds	188,222	136,177	-	-
Amounts owed by parent undertakings	18,142	-	30,555	1,147
Amounts owed by group undertakings	694	-	20,753	22,325
VAT recoverable	-	-	-	1,431
Other debtors	27,283	23,179	1,585	1,650
Prepayments and accrued income	3,185	2,997	3,154	2,817
Subordinated loans to group undertakings	-	-	8,600	5,500
Corporation tax	-	-	508	-
	<u>237,526</u>	<u>162,353</u>	<u>65,155</u>	<u>34,870</u>

Subordinated loans repayable upon the expiry of one month's written notice falling after 30 June 2000.

10 Debtors: amounts falling due after more than one year

	<u>The Group</u>		<u>The Company</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Deferred tax asset	2,607	2,900	2,644	2,900
Subordinated loans to group undertakings ⁽¹⁾	-	-	2,000	2,000
Loan to the Fidelity UK Foundation ⁽²⁾	614	716	614	716
	<u>3,221</u>	<u>3,616</u>	<u>5,258</u>	<u>5,616</u>

⁽¹⁾ Repayable upon the expiry of one month's written notice falling after 30 June 2002.

⁽²⁾ Repayable over eight years to the year 2006.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

11 Cash at bank and in hand

	<u>The Group</u>		<u>The Company</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cash at bank and in hand	17,686	28,792	-	6,281
	=====	=====	=====	=====

Certain of the company's and the group's bank balances are subject to a legal set off agreement as explained in note 24(b).

12 Creditors: amounts falling due within one year

	<u>The Group</u>		<u>The Company</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Bank loans and overdrafts	662	1,269	15,442	1,269
Accounts payable - customers and funds	158,504	127,516	-	-
Amounts owed to parent undertakings	-	56	-	-
Other creditors including taxation and social security (note 13)	31,273	18,077	5,121	4,574
Accruals and deferred income	87,721	61,089	75,067	54,674
	-----	-----	-----	-----
	278,160	208,007	95,630	60,517
	=====	=====	=====	=====

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

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

13 Other creditors including taxation and social security

	<u>The Group</u>		<u>The Company</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporation tax	12,522	12,182	-	3,302
PAYE & social security	2,609	1,436	2,377	1,272
VAT	2,954	432	1,744	-
Other creditors	13,188	4,027	1,000	-
	-----	-----	-----	-----
	31,273	18,077	5,121	4,574
	=====	=====	=====	=====

14 Creditors: amounts falling due after more than one year

	<u>The Group</u>		<u>The Company</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Bank loan repayable in instalments as follows:				
Between one and two years	-	634	-	634
Between two and five years	-	-	-	-
Accruals and deferred income	1,015	1,131	805	910
	-----	-----	-----	-----
	1,015	1,765	805	1,544
	=====	=====	=====	=====

15 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 £19,827,000, a profit of £1,273,000 has been dealt with in the accounts of Fidelity Investment Management Limited.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

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

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Operating profit	29,505	10,933
Amortisation of goodwill	1,051	1,051
Depreciation charges	14,064	12,302
(Profit)/loss on sale of tangible fixed assets	(634)	22
(Increase)/decrease in stocks	(3,740)	267
Increase in debtors	(74,779)	(97,645)
Increase in creditors	70,304	79,129
Exchange loss on loan	28	133
Other exchange gains	(291)	-
	-----	-----
Net cash inflow from operating activities	35,508	6,192
	=====	=====

17 Reconciliation of net cash flow to movement in net debt

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
(Decrease) in cash in the period	(11,106)	(11,529)
Cash paid to repay loan	1,269	1,224
Exchange losses	(28)	(79)
	-----	-----
Movement in net funds in the period	(9,865)	(10,384)
Net funds at 1 July	26,889	37,273
	-----	-----
Net funds at 30 June	17,024	26,889
	=====	=====

18 Analysis of changes in net funds

	At 1 July <u>1999</u> <u>£'000</u>	<u>Cashflows</u> <u>£'000</u>	Exchange <u>(Loss)/Gain</u> <u>£'000</u>	Other <u>Changes</u> <u>£'000</u>	At 30 June <u>2000</u> <u>£'000</u>
Cash in hand at bank	28,792	(11,106)	-	-	17,686
Debt due within 1 year	(1,269)	1,269	(28)	(634)	(662)
Debt due after 1 year	(634)	-	-	634	-
	-----	-----	-----	-----	-----
Total	26,889	(9,837)	(28)	-	17,024
	=====	=====	=====	=====	=====

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

19 Called up share capital

	<u>2000</u> <u>Authorised, issued & fully paid</u>	<u>1999</u> <u>Authorised, issued & fully paid</u>
	£'000	£'000
30,000,000 ordinary £1 shares	30,000 =====	30,000 =====

20 Other Reserves

	<u>The Group</u>	<u>The Company</u>	<u>The Group</u>	<u>The Company</u>
	Profit & Loss £'000	Profit & Loss £'000	Capital Contribution £'000	Capital Contribution £'000
At 1 July 1999	3,889	(1,307)	1,503	1,503
Retained profit for year	19,827	1,273	-	-
Exchange gain	(291)	-	-	-
	-----	-----	-----	-----
At 30 June 2000	23,425 =====	(34) =====	1,503 =====	1,503 =====

21 Reconciliation of movements in shareholder's funds

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Profit for the financial year	19,827	5,037
Exchange (loss)/gain	(291)	24
Opening shareholder's funds	35,392	30,331
	-----	-----
Closing shareholder's funds	54,928 =====	35,392 =====

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

22 Capital commitments

At 30 June commitments were:

	<u>The Group</u>	
	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>
Contracted and authorised	3,314	12,604
	=====	=====

23 Financial commitments in respect of operating leases

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

	<u>2000</u>	<u>1999</u>
	<u>Leases of</u>	<u>Leases of</u>
	<u>land and</u>	<u>land and</u>
	<u>buildings</u>	<u>buildings</u>
	<u>£'000</u>	<u>£'000</u>
Within one year	7,719	254
Between two and five years	29,032	8
After 5 years	-	4,209
	-----	-----
	36,751	4,471
	=====	=====

Under the conditions of the finance lease agreement, all lease payments are made in advance.

The total value of assets held under finance leases is £1,948,000 (1999 : nil).

Depreciation of £595,431 (1999 : nil) was charged on these assets during the period..

24 Contingent liabilities

- a) The company is a member of a group registration for Value Added Tax and is, with certain other Fidelity group companies, jointly and severally liable for the tax payable under this group registration.
- b) The company, along with certain other Fidelity group companies, has entered into an arrangement whereby the balance on its bank account is subject to a legal set off agreement, and is jointly and severally liable for any liabilities which may arise under this agreement. At 30 June 2000 the net bank balance on group accounts held within the arrangement was £1,622,000 (1999 net bank balance: £18,415,000). The company's ultimate holding company, Fidelity International Limited, has agreed to provide each subsidiary of Fidelity Investment Management Limited which is regulated by IMRO, without recourse to any such subsidiary, such funds, to a maximum of £20,000,000, as may be required from time to time to enable each such subsidiary to continue to satisfy the financial resources requirements under the IMRO Regulations.

FIDELITY INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

25 Related Party Transactions

The Group's controlling and ultimate controlling company is Fidelity International Limited, ("FIL") a Bermuda company which owns 100% of FIML's issued share capital. FIL operates under the general supervision of its Board of Directors who, by virtue of their aggregate voting shares, form a controlling group.

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 £12,677,000 (1999: £14,568,000) in revenue and £32,260,000 (1999: £4,611,000) in expenses;
- (b) the provision of corporate management services for which the Group recorded expenses of £2,923,000 (1999: £2,845,000);
- (c) the distribution of Fidelity products, for which the Group recorded revenue of £45,576,000 (1999: £24,227,000);
- (d) the provision of software development for which the Group recorded revenue of £11,033,000 (1998: £5,437,000);
- (e) the provision of marketing services for which the Group recorded revenue of £14,564,000 (1999: £7,650,000).
- (f) the provision of systems usage for which the Group recorded expenses of £4,322,000 (1999: £2,473,000)

The Group received management fees of £593,000 (1999: £394,000) from the Group Pension Scheme. There was no balance outstanding at either 30 June 2000 or 30 June 1999.

FIL and its subsidiaries have contracts with companies in the FMR Corp. group, which have some common ownership, under which investment advice, investment research, property services and other services are provided. During 2000 the Group received a net £15,957,000 (1999: £13,822,000) for such services.

During 1998 the Group made a loan of £773,000 to the Fidelity UK Foundation (a registered charity). £614,000 remains outstanding at the year end.