Fidelity Stock Plan Services UK Limited

(Registered Number: 2709979)

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2018

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors

Mark A. Haggerty (USA)
Travis Carpico (USA)

Independent Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Registered Office

1 St Martin's Le Grand
London
EC1A 4AS
United Kingdom

Bankers

HSBC Bank plc
RMS Dept Level 2
2nd Floor
62-76 Park Street
London SE1 9DZ
United Kingdom

and

HSBC Trinkaus and Burkhardt AG
Königsallee 21/23
40212 Düsseldorf
Germany

STRATEGIC REPORT

Strategic report for the year ended 31 December 2018

The directors present their strategic report for Fidelity Stock Plan Services UK Limited (the "Company") for the year ended 31 December 2018.

Review of the business

Principal activities

The Company provides stock plan services to subsidiaries of US companies located in Europe and indigenous European companies. These services include direct management and administration of company stock plans, record keeping, call centre support, comprehensive participant education and specialized executive services. Fidelity Stock Plan Services UK Limited is the 100% parent of Fidelity Stock Plan Services GmbH (the "Subsidiary"). Fidelity Stock Plan Services UK Limited is a wholly-owned subsidiary of Fidelity Stock Plan Services, LLC (the "Parent") which in turn is a wholly-owned subsidiary of FMR LLC (the "Ultimate Parent Company").

Fair review of the development and performance of the business and of its position

The Company generated revenue of £2,290,091 in 2018 (2017: £671,356) from the provision of stock plan services. The results represent the consolidated position of the Company and the Subsidiary. On 1 July 2017, Fidelity Management & Research Company sold the shares of Fidelity Stock Plan Services UK Limited to Fidelity Stock Plan Services LLC. Fidelity Stock Plan Services UK Limited was a dormant company until it acquired Fidelity Stock Plan Services GmbH on 1 July 2017. The 2017 results reflect the impact of this acquisition.

Company revenue is subject to a cost plus of 10% of total expenses.The performance of the business and its position are detailed in the consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows respectively. The Company earned a profit for the year of £128,846 (2017: £23,807). The directors consider that the outlook for the Company is positive with increasing business activity in stock plan services in 2019.

Key risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the Company are in the following categories:

Economic risk

The Company is subject to risks related to Brexit, the global economic environment and changes in currency exchange rates related to the payment for services, which may be due in currency other than the Company's functional currency. Management actively monitors these risks to assess the impact they may have on the Company's operations. Management will continue to assess any potential impact from Brexit given the uncertainty surrounding the timeline and impact on business activity. The Company is utilising the Regulatory Co–ordination Program office to facilitate a Brexit working group which is a cross–functional taskforce assessing the potential impact of Brexit on the Company. The foreign currency risk in the investment in Fidelity Stock Plan Services GmbH is reviewed on a regular basis.

Market risk

The Company is subject to market risk as the Company trades with international companies and is exposed to foreign exchange risk.

Financial risk

Counterparty risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

These risks are mitigated by vendor and counterparty vetting and ongoing monitoring of liquidity and capital. Further detail on financial risk is included in Note 12 to the consolidated financial statements.

STRATEGIC REPORT (continued)

Key performance indicators
The directors consider the key performance indicators of the Company are total operating expenses and profit before income tax. The total operating expenses for the year amounted to £2,081,741 (2017: £632,915), representing a 229% increase year on year. This increase in operating expenses was due to higher staff costs.

By order of the Board

Travis Carpico
Director

Dated: 5 September 2019

DIRECTORS' REPORT

The directors submit their directors' report and the consolidated financial statements for the year ended 31 December 2018.

Future development
The outlook for the Company is positive with increasing business activity in stock plan services in 2019.

Results and dividends
The results for the year show a profit of £128,846 (2017: £23,807). The results represent the consolidated position of the Company and the Subsidiary. The directors do not recommend the payment of a dividend.

Directors and their interests
The names of persons who were directors at any time during the year ended 31 December 2018 are set out below:

Mark A. Haggerty (USA)
Travis Carpico (USA)

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

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing financial statements for the year ended 31 December 2018 and that applicable accounting standards have been followed.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Books of account
The measures taken by the directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at 3007 Lake Drive, Citywest Business Campus, Dublin 24, Ireland but are also available at 1 St Martin's Le Grand, London EC1A 4AS, United Kingdom.

Policy and practice of payment
The Company endeavours to agree to terms of payment with suppliers prior to placing business. This ensures that suppliers are aware of the terms of payment in advance. It is the Company's policy to pay to agreed terms.

Provision of information to auditors
The directors confirm that insofar as they are aware, that there is no relevant audit information of which the Company's auditors are unaware. The directors have taken the appropriate steps to ensure that the auditors are aware of all necessary information.

By order of the board

Travis Carpico
Director
Dated: 5 September 2019

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Independent auditors' report to the members of Fidelity Stock Plan Services UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Fidelity Stock Plan Services UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheet as at 31 December 2018; the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year 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) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (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 group 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

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.
However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual 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.

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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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 year ended 31 December 2018 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 group and company and their 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 in respect of the financial statements set out on page 5, 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 group's and 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 group or 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 ISAs (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.
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.

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 received 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Liam O'Mahony

Liam O'Mahony (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
5 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Notes	2018 £	2017 £
REVENUE	2	2,290,091	671,356
OPERATING EXPENSES			
Auditors' remuneration		31,384	37,290
Depreciation	6	662	—
Legal and professional fees		290,290	81,005
Rental cost		112,135	36,201
Staff costs:			
Salaries and benefits		1,133,156	328,071
Pension scheme contribution		34,515	26,120
Other staff costs		229,299	73,881
Travel and entertainment		87,761	2,058
Recruitment and Agency		55,757	25,355
Other expenses		106,782	22,934
Total operating expenses		2,081,741	632,915
Operating profit		208,350	38,441
Profit before income tax		208,350	38,441
Tax charge on profit on ordinary activities	5	74,870	14,319
Profit on ordinary activities after taxation		133,480	24,122
Other comprehensive income			
Remeasurement of post employment benefit obligations	9	(7,483)	—
Exchange differences on translation of foreign operations		2,849	(315)
Total comprehensive income		128,846	23,807

The consolidated statement of comprehensive income for 2017 is for trading activities during the period 1 July to 31 December. All of the above amounts relate to continuing activities. There were no gains or losses other than those dealt with in the consolidated statement of comprehensive income above.

CONSOLIDATED BALANCE SHEET
As at 31 December 2018

ASSETS	Notes	2018 £	2017 £
Non-current assets			
Property and equipment	6	4,639	—
Total non-current assets		4,639	—
Current assets			
Cash and cash equivalents	7	312,088	325,356
Other receivable		47,268	11,412
Amounts due from the Ultimate Parent Company		227,187	—
Total current assets		586,543	336,768
TOTAL ASSETS		591,182	336,768
LIABILITIES			
Non-current liabilities			
Employee benefit obligation	9	67,466	—
Total non-current liability		67,466	—
Current liabilities			
Other payables and accruals	8	222,680	179,855
Amounts due to the Ultimate Parent Company		—	45,397
Tax payable		63,876	2,987
Deferred tax liability	5	1,986	2,201
Total current liabilities		288,542	230,440
TOTAL LIABILITIES		356,008	230,440
Net assets		235,174	106,328
EQUITY			
Share capital	10	2	2
Other reserves	11	77,570	82,204
Retained earnings		157,602	24,122
TOTAL EQUITY		235,174	106,328

The consolidated financial statements on pages 8 to 32 were approved by the Board of Directors on 21 August 2019 and signed on its behalf by:

Travis Carpico
Director
Dated: 5 September 2019

Mark A. Haggarty
Director
Dated: 5 September 2019

The accompanying notes are an integral part of the consolidated financial statements.

COMPANY BALANCE SHEET
As at 31 December 2018

ASSETS	2018 £	2017 £
Non-current assets		
Property and equipment	2,472	—
Investment in Subsidiary	175,397	103,553
Total non-current assets	177,869	103,553
Current assets		
Cash and cash equivalents	158,761	135,000
Other receivable	27,699	2,386
Tax receivable	1,056	—
Total current assets	187,516	137,386
TOTAL ASSETS	365,385	240,939
LIABILITIES		
Current liabilities		
Other payables and accruals	118,582	66,201
Amounts due to the Ultimate Parent Company	4,508	57,088
Tax payable	—	9,123
Deferred tax liability	1,986	2,201
Total current liabilities	125,076	134,613
TOTAL LIABILITIES	125,076	134,613
Net assets	240,309	106,326
EQUITY		
Share capital	2	2
Other reserves	85,053	82,204
Retained earnings	93,115	21,349
Profit	62,139	2,771
TOTAL EQUITY	240,309	106,326

As permitted by section 408(3) of the Companies Act 2006, the income statement of Fidelity Stock Plan Services UK Limited is not presented in the Annual Report and Consolidated Financial Statements. Fidelity Stock Plan Services UK Limited has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Parent and the Subsidiary rather than its own cash flows.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share Capital	Other reserves	Retained Earnings	Total
	£	£	£	£
At 1 January 2017	2	—	—	2
Contributions of equity	—	80,973	—	80,973
Profit for the period	—	—	24,122	24,122
Cumulative translation adjustment	—	1,231	—	1,231
At 31 December 2017	2	82,204	24,122	106,328
At 1 January 2018	2	82,204	24,122	106,328
Profit for the period	—	—	133,480	133,480
Other comprehensive income	—	(7,483)	—	(7,483)
Cumulative translation adjustment	—	2,849	—	2,849
At 31 December 2018	2	77,570	157,602	235,174

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Notes	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		208,350	38,441
Depreciation	6	662	—
(Increase) in prepayments and deposits		(35,855)	(11,412)
Increase in other payables and accruals		110,291	228,237
(Increase) in amounts due from Ultimate Parent Company		(272,584)	—
Cash generated from operating activities		10,864	255,266
Income tax paid		(22,833)	(7,570)
Net cash (used by)/generated from operating activities		(11,969)	247,696
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for acquisition of subsidiary net of cash acquired		—	80,973
Purchase of property and equipment	6	5,301	—
Net cash used in investing activities		5,301	80,973
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,668)	328,669
Cash and cash equivalents at beginning of year		325,356	—
Effects of exchange rate changes on cash and cash equivalents		(6,600)	(3,313)
CASH AND CASH EQUIVALENTS AT END OF YEAR		312,088	325,356
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank		312,088	325,356

NOTES TO THE FINANCIAL STATEMENTS

1. ***General Information***

The Company comprises Fidelity Stock Plan Services UK Limited, a limited liability company incorporated in the United Kingdom, which in turn is the 100% parent of Fidelity Stock Plan Services GmbH (the "Subsidiary"), a limited liability company incorporated in Germany. The registered office of the Company is 1 St Martin's Le Grand, London, EC1A 4AS, United Kingdom.

During the year, the Company was involved in the development of the stock plan services business in Europe with Fidelity Stock Plan Services GmbH operating call centre support for the stock plan services business in Europe.

The Company is a wholly-owned subsidiary of Fidelity Stock Plan Services, LLC (the "Parent") which in turn is a wholly-owned subsidiary of FMR LLC (the "Ultimate Parent Company").

These consolidated financial statements are presented in GBP, unless otherwise stated.

2. **Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements.

2.1 **Basis of preparation**

(i) Compliance with IFRS

The consolidated financial statements of Fidelity Stock Plan Services UK Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

(ii) Principles of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is exercised by the Company and are no longer consolidated from the date on which control ceases.

The acquisition method of accounting is used to account for business combinations. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed, if necessary, to ensure consistency with the policies adopted by the Company.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities, certain classes of property, plant and equipment and investment property – measured at fair value.

(iv) New and amended standards adopted

The Company has applied the following standards and amendments for the first time for the reporting period commencing 1 January 2018:

IFRS 9 *Financial Instruments*

IFRS 9 "Financial instruments" replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New and amended standards adopted (continued)
subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

The Company has assessed the full impact of the standard on the 2018 Financial Statements and no material changes have been identified.

IFRS 15 *Revenue from Contracts with Customers*
The IASB has issued a new standard for the recognition of revenue. This has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

IFRS 15 'Revenue from contracts with customers' establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a five step approach: (1) Identify the contract(s) with customer (2) Identify separate performance obligations in a contract (3) Determine the transaction price (4) Allocate transaction price to performance obligations and (5) Recognise revenue when performance obligation is satisfied. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an "asset-liability" approach based on transfer of control.

The Company has assessed the full impact of the standard, with a review carried out on all material contracts for the five steps listed above and no material impact has been identified as a result of adopting this standard.

(v) New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 *Leases*
IFRS 16 replaces existing leases guidance, including IAS17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases- Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The standard is effective for annual periods beginning on or after 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model of lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

The Company has carried out an assessment of the new standard and has resulted in an opening right-of-use asset of £384,840 and opening lease liability balance of £384,840 at 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

(v) New standards and interpretations not yet adopted (continued)

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.2 Revenue

Revenue for the Company represents income for services provided to Fidelity Stock Plan Services, LLC charged on a cost plus 10% basis. Fidelity Stock Plan Services GmbH earns income for services provided to Fidelity Stock Plan Services, LLC charged on a cost plus 10% basis (2017: cost plus 5% basis).

The Company has implemented IFRS 15 which came into effect on 1 January 2018. The Company has followed the five steps in the standard to assess all contracts and no material changes have been identified.

The five steps in the standard are: (1) Customer information/where does revenue come from? (2) Details of performance obligations (3) Details of transaction prices (4) How price is allocated to the performance obligations (5) When and how is revenue recognised.

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is stated net of value-added tax, returns, rebates and discounts if any. All revenue recognised by the Company adheres to the five steps set out in IFRS 15.

Payment of all revenue falls due within thirty days of the calculation being finalized and services rendered. Settlement of all revenue is completed through the intercompany process.

2.3 Property and Equipment

Property and equipment are stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Depreciation is provided on a straight line basis so as to write off the residual value of tangible fixed assets over the expected useful economic life of the assets concerned. The estimated useful lives of tangible fixed assets are as follows:

Computer equipment	3 years
Furniture	5 years
Leasehold improvements	10 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities

(i) Financial assets at amortised cost (2017 Financial assets - loans and receivables)

Financial assets at amortised cost (2017 Financial assets - loans and receivables) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's financial assets at amortised cost comprise "amounts due from the Ultimate Parent Company", "other receivables" and "cash and cash equivalents" in the balance sheet. Under IFRS 9, financial assets at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

IFRS 9 establishes a new model for recognition and measurement of impairments in loans and receivables that are measured at Amortized Cost or Fair Value through Other Comprehensive Income — the 'expected credit losses' (ECL) model. IFRS 9 allows the Company to use a simplified "provision matrix" for calculating expected losses as a practical expedient (e.g., for trade receivables), if consistent with the general principles for measuring expected losses. The provision matrix is based on the Company's historical default rates over the expected life of the trade receivables and is adjusted for forward–looking estimates.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (debtors more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income. When a receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

Financial assets at amortised cost are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company has assessed its financial assets using the ECL model and no material impact has been identified as a result of the review.

(ii) Financial liabilities

Financial liabilities include trade payables and other monetary liabilities including amounts due to the Ultimate Parent Company.

All financial liabilities are recognized initially at the fair value net of transaction costs incurred. After initial recognition, they are subsequently measured at amortized cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, canceled, or expires.

2.5 Foreign currency translation

(i) Functional and presentation currency
Items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The consolidated financial statements are presented in pounds sterling denoted by the symbol "£", which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.5 Foreign currency translation (continued)

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within other expenses. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Group companies
The results and financial position of all the group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows;
(a) assets and liabilities for each balance sheet presented or translated at the closing rate of that balance sheet
(b) income and expenses for each income statement are translated at average exchange rates; and
(c) all resulting exchange differences are recognised in the statement of comprehensive income

2.6 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. It comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profit against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred tax liability where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.6 Income tax (continued)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated statement of comprehensive income, consolidated balance sheet and company balance sheet.

2.7 Employee Benefits

(i) Employee leave entitlements
Employee entitlements to annual leave are recognized when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are recognized in the consolidated statement of comprehensive income when the absences occur.

(ii) Post-employment obligations
The Company and the Subsidiary contribute to defined contribution schemes on a mandatory or contractual basis. The Company operates a defined contribution pension scheme and the Subsidiary operates a defined contribution scheme which is treated as a defined benefit plan for financial statement purposes. The schemes are generally funded through payments by the Company and the Subsidiary to trustee-administered funds. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The contributions are recognized as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Company has no further payment obligations once the contributions have been paid for employees.

The Subsidiary guarantees that at least paid in contributions will be paid out. The Subsidiary's defined contribution plan is treated as a defined benefit plan for financial statement purposes as guaranteeing paid in contributions means there are features of a defined benefit plan under IAS 19.

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The Projected Unit Credit Cost Method is used to determine the present value of the defined benefit obligation and the related current service cost. Under this method, a "projected accrued benefit" is calculated based upon service as of the date of valuation, but when the benefit formula is based on future compensation and social security levels, using assumptions about the growth of those amounts projected to the age at which the employee is assumed to leave active service. In normal circumstances the "projected accrued benefit" is based upon the plan's accrual formula. In Germany, however, it is common practice to calculate a "project-and-prorate" benefit whereby the expected benefit upon commencement is calculated, and then prorated based on the ratio of attained service versus projected service.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet. Service costs are recognised in other staff costs in the consolidated statement of comprehensive income.

(iii) Bonus payments
The expected cost of bonus payments is recognized as a liability when the Company has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.7 Employee Benefits (continued)

(iii) Bonus payments (continued)
Liabilities for bonus payments are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Share-based compensation
The Company participates in various FMR LLC share-based compensatory plans and is allocated a compensation charge that is amortized over the period in which the compensation charge is earned by the employee participants. This charge is based on the Net Asset Value of FMR LLC Shares, as defined. The Company settles charges monthly in arrears with FMR LLC. The FMR LLC share plans are accounted for as share appreciation rights and provide holders with participation in FMR LLC's net asset value per share, as defined by FMR LLC, over their respective terms. These plans are cash settled at the end of their defined term or in the event employee participants are no longer eligible holders. The accumulated value of these plans including certain additional cash bonuses on selected plans is amortized over the applicable vesting periods with a charge to employee compensation and benefits.

The allocated share based compensation charge is accounted for in the consolidated statement of comprehensive income of the Company calculated by reference to the net asset value per share with adjustments arising upon ultimate vesting and payment of these share compensation plans.

2.8 Other payables and accruals

These amounts represent liabilities for goods and services provided to related party companies and third parties prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and bank overdrafts.

2.10 Operating Expenses

Operating expenses are accounted for in the consolidated statement of comprehensive income and comprise payroll costs, auditor's remuneration, professional fees, depreciation, rent, travel and entertainment and other expenses. These expenses are accounted for on an accruals basis.

2.11 Share Capital

Ordinary shares are classified as equity. The distribution of share capital is made in a form of dividend payment to the parent company.

3. Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Income tax

The Company is subject to income taxes in the UK and Germany. Significant judgment is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Critical Accounting Estimates and Judgements (continued)

(i) Income tax (continued)

The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

The Finance Act 2016 brought in new legislation in respect of the Hybrid and Other Mismatches rules ("Hybrid rules"). This legislation came into effect on 1 January 2017 and aims to counteract tax advantages arising due to mismatches in the way certain entities, instruments and transactions are treated for tax purposes. To counteract any mismatch, the Hybrid rules provides for the HMRC to deny the tax deductions for all expenses whereby deductions are available but there is no corresponding dual inclusion income.

Furthermore, on 15 March 2018, the Finance Act 2018 was enacted to introduce another category of "good" income, of which double deduction expenses may be offset against. The new relieving provisions are applied retrospectively, from 1 January 2017. The impact of the relieving positions has been applied to the tax note in the 2018 financial statements with no material impact.

(ii) Property and equipment

Items of property and equipment are tested for impairment if there is any indication that the carrying value of these assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate to be used in order to calculate the present value.

(iii) Revenue

The Company has implemented IFRS 15 which came into effect on 1 January 2018. The Company has followed the five steps in the standard to assess all contracts and no material changes have been identified. The five steps in the standard are: (1) Customer information/where does revenue come from? (2) Details of performance obligations (3) Details of transaction prices (4) How price is allocated to the performance obligations (5) When and how is revenue recognised. Management recognizes revenue when the services are rendered and the revenue recognized reflects any performance objectives built into fee agreements.

(iv) Employee benefit obligation

The Subsidiary operates a defined contribution plan which is treated as a defined benefit plan for financial statement purposes as guaranteeing paid in contributions means there are features of a defined benefit plan under IAS 19. The Subsidiary guarantees at least paid in contributions will be paid out. Independent actuaries use the Projected Unit Credit Cost Method to determine the present value of the defined benefit obligation and the related current service cost. The actuaries use a number of assumptions (discount rate, expected long-term return on assets, price inflation, salary increases, increase in social security and pension increases) to determine the present value and service costs. Remesurement gains and losses arising from experience adjustments and the assumptions are recognised in the period which they occur, directly in other comprehensive income.

4. Directors' remuneration

The directors did not receive any remuneration from the Company in the current or prior year financial reporting periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Income tax expense

(i) Tax on profit on ordinary activities comprised:

	2018 £	2017 £
Current tax		
Current tax on profit for the year	61,149	12,118
Adjustments for current tax of prior periods	13,936	—
Total current tax	75,085	12,118
Deferred tax		
(Decrease)/increase in deferred tax liabilities	(215)	2,201
Total deferred tax	(215)	2,201
Income tax expense	74,870	14,319

(ii) Factors affecting tax for the year

The effective rate of corporation tax in the UK of 19% for 2018 which is the equivalent of the standard rate of 19% (2017: 19%). A reconciling item has been included to account for the difference between the German tax rate and the domestic tax rate. The differences are explained below:

	2018 £	2017 £
Profit before tax	208,350	38,441
Profit on ordinary activities multiplied by the domestic rate of corporation tax of 19% (2017: 19%)	39,587	7,304
Effects of:		
Foreign Tax Rate	14,649	1,450
Disallowable Expense	7,482	3,565
German GAAP to IFRS adjustment	156	(201)
Adjustment in respect of prior years	13,936	—
Share Scheme add-backs	(515)	—
Capital Allowances in excess of depreciation	(210)	—
Premeasurement of deferred tax	(215)	—
Current tax for the year	74,870	12,118

(iii) Deferred tax liability

The Company does not plan to dispose of its investment in its subsidiary in the foreseeable future and the Company does not plan to make any dividends from the subsidiary to the parent therefore there is no deferred tax measured in respect of the Company's investment in the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Income tax expense (continued)

(iii) Deferred tax liability (continued)

	2018	2017
	£	£
At beginning of year	(2,201)	—
Origination during year	215	(2,201)
At end of year	(1,986)	(2,201)
Comprised as follows:		
Due after one year		
Shares scheme	(1,798)	731
Pension	—	(2,932)
Fixed assets	(188)	—
	(1,986)	(2,201)

6. Property and equipment

	Computer Equipment
	£
Cost	
At 31 December 2017	—
Additions	5,301
Disposals	—
At 31 December 2018	5,301

	Computer Equipment
	£
Accumulated depreciation	
At 31 December 2017	—
Charge	(662)
Disposals	—
At 31 December 2018	(662)
Net Book value at	
31 December 2017	—
31 December 2018	4,639

7. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank	312,088	325,356

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Other payables and accruals

	2018	2017
	£	£
Accounts payable	19,709	—
Payroll taxes	91,238	120,759
Professional services	82,984	42,840
Other accruals	28,749	16,256
	222,680	179,855

9. Employee benefit obligations

(a) Defined contribution plan treated as a defined benefit plan

	2018	2017
	£	£
Non-current	67,466	—
Total Employee benefit obligation	67,466	—

Fidelity Stock Plan Services GmbH operates a defined benefit pension plan. The Subsidiary's defined contribution plan is treated as a defined benefit plan as guaranteeing paid in contributions means there are features of defined benefit plan.

The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Plan Compensation is equal to the yearly rate of pay as of the beginning of the fiscal year. The accrued cash balance as at date of retirement is converted into an annual pension payment. The plan is unfunded; therefore an asset method is not applicable. The Projected Unit Credit Cost Method is used to determine the present value of the defined benefit obligation and the related current service cost. Under this method, a "projected accrued benefit" is calculated based upon service as of the date of valuation, but when the benefit formula is based on future compensation and social security levels, using assumptions about the growth of those amounts projected to the age at which the employee is assumed to leave active service. In normal circumstances the "projected accrued benefit" is based upon the plan's accrual formula. In Germany, however, it is common practice to calculate a "project-and-prorate" benefit whereby the expected benefit upon commencement is calculated, and then prorated based on the ratio of attained service versus projected service.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Employee benefit obligation (continued)

(b) Consolidated balance sheet amounts

The amounts recognised in the consolidated balance sheet and the movements in the net defined benefit obligation are as follows:

	Present value of obligation	Fair value of plan assets	Total
	£	£	£
At 1 January 2018	99,667	(64,604)	35,063
Current service cost	45,809	—	45,809
Interest expense/(income)	1,989	(1,582)	407
Total amount recognised in profit or loss	47,798	(1,582)	46,216
Remeasurements			
Return on plan assets	—	11,971	11,971
Loss from change in financial assumptions	12,573	—	12,573
Experience (gain)	(17,061)	—	(17,061)
Total amount recognised in other comprehensive income	(4,488)	11,971	7,483
Exchange differences	(1,876)	826	(1,050)
Contributions:			
Employers	—	(20,246)	(20,246)
Plan participants	13,965	(13,965)	—
At 31 December 2018	155,066	(87,600)	67,466

(c) Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:	2018	2017
Discount Rate	1.90%	1.90%
Price inflation	1.75%	1.75%
Rate of salary increase	2.75%	2.75%
Pension increases for in-payment benefits	1.75%	1.75%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics. It is assumed that all active employees will retire at the earliest age possible under the German social system, i.e. at age 63, except for females born before 1952 who may retire as early as age 60.

Age	Males	Females
20	14.90%	25.00%
30	6.90%	10.00%
40	1.60%	3.00%
50 & up	0.00%	0.00%

9. Employee benefit obligation (continued)

(c) Significant estimates: actuarial assumptions and sensitivity (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Original Value	Sensitivity Analysis	Effect on DBO
Discount rate	1.90%	0.50 %	(7,604)
Discount rate	1.90%	(0.50)%	8,975

The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual report period.

	Allocation percentage 31/12/2018 Quoted	Allocation percentage 31/12/2018 Unquoted	Allocation percentage 31/12/2018 Total
Other	0.00%	100.00%	100%
Total	0.00%	100.00%	100%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Cost Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(d) The expected maturity profile of Defined Benefit Obligation is:

31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024 through 31/12/2028
£	£	£	£	£	£
245	786	1,377	2,039	2,768	27,735

(e) Risk exposure

Through its defined contribution pension plan which is treated as a defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

(i) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to high quality corporate bond yields; if plan assets underperformed this yield, this will create a deficit. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of this plans bond holdings.

The Company ensures that the investments positions are actively managed with a long-term outlook in line with the obligations under the pension schemes. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. The pension plans are invested in equities, bonds and cash which gives a diversified portfolio. The failure of any single investment would not have a material impact on the overall level of assets.

(ii) Inflation risks

The Companies' pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

(iii) Life expectancy

The plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. Share capital

Authorised share capital	2018	2017
	£	£
2 ordinary shares of £1 each	2	2
	2	2

Allocated, issued and fully paid		
2 ordinary shares of £1 each	2	2
	2	2

11. Other reserves

Other reserves represent the shareholder's capital contribution of £80,973 which is a non-refundable gift to the Company and (£3,402) of other comprehensive losses.

12. Financial risk management objectives and policies

The Company is exposed to a variety of financial risks: market risk (mainly interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk arise in the normal course of business. The Company's overall risk management seeks to minimize any potential adverse effect on the Company's financial performance. These risks are managed by the Company's financial management policies and practices described below:

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk relates principally to the Company's cash and cash equivalents. Cash and cash equivalents comprises cash at bank. Cash at bank represents current deposits which are highly liquid, with no maturity dates and are redeemable on demand.

The exposure of the Company to interest rate risk is considered by management to be minimal and therefore no interest rate sensitivity analysis is disclosed.

(ii) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to British Pounds (£) and Euros (€). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company has an investment in a German subsidiary whose functional currency is Euro and whose net assts are exposed to foreign currency translation risk.

Monetary assets and liabilities in the Subsidiary by functional currency (Euro (€))

	2018	2017
Foreign currency exposures	€	€
Cash and cash equivalents	170,570	214,201
Other receivables	21,769	10,157
Amounts due from/(to) the Ultimate Parent Company	266,908	(13,153)
Other payables and accruals	(190,858)	(131,844)
Total currency of denomination	268,389	79,361

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

Monetary assets and liabilities from the above tables have been converted using year end 2018 exchange rate into British Pounds (£)

	2018	2017
Foreign currency exposures	£	£
Cash and cash equivalents	153,327	190,356
Other receivables	19,568	9,027
Amounts due from/(to) the Ultimate Parent Company	239,926	(117,167)
Other payables and accruals	(171,564)	(11,689)
Total currency of denomination	241,257	70,527

	2018	2017
	£	£
Parent	241,257	70,527
Total	241,257	70,527

The reasonable shifts in exchange rates below are based on historic volatility. If the €/£ rates moved by +/- 5% then the effect on profit/loss would be as follows:

	2018	2017
	€/£	€/£
Total in the consolidated financial statements	241,257	70,527
Reasonable shift	5%	5%
Total effect on Profit of +ve movements	12,063	3,526
Total effect on Profit of –ve movements	(12,063)	(3,526)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from cash and cash equivalents which represent cash at bank, amounts due from the Ultimate Parent Company and related parties, including intercompany transactions and intercompany receivables.

The Company's cash and cash equivalents are held in major financial institutions located in the United Kingdom and Germany with a credit rating of A-1 and A-1+ respectively, issued by Standard & Poor's as at 31 December 2018 (2017: A-1 and A-1+), which management believes are of high credit quality. The Company has policies in place to evaluate credit risk when accepting new business and to limit its credit exposure to its counterparty. The maximum exposure is the sum of the amounts due from related parties on the balance sheet and the carrying amounts of the cash. Management considers that the Company has a significant concentration of credit risk as most of the balances are due from related parties. However, management considers that the credit risk exposure on intercompany transactions and intercompany receivables to be minimal based on the credit history of the related parties. The Company did not provide any guarantees which would expose the Company to credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to maintain sufficient cash to meet its liquidity requirements. The Company finances its working capital requirements through a combination of funds generated from operations and from parent funding.

The tables below summarise the maturity profile of the Company's financial assets and liabilities as at 31 December 2018 and 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

As at 31 December 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Assets	£	£	£	£	£	£
Other receivables	—	47,268	—	—	—	47,268
Cash and cash equivalents	312,088	—	—	—	—	312,088
Amounts due from the Ultimate Parent Company	227,187	—	—	—	—	227,187
	539,275	47,268	—	—	—	586,543

As at 31 December 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Liabilities	£	£	£	£	£	£
Other payables and accruals	—	110,946	111,734	—	—	222,680
Tax payable	—	—	63,876	—	—	63,876
Employee benefit obligation	—	—	—	7,215	60,251	67,466
	—	110,946	175,610	7,215	60,251	354,022

As at 31 December 2017

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Assets	£	£	£	£	£	£
Other receivables	—	11,412	—	—	—	11,412
Cash and cash equivalents	325,356	—	—	—	—	325,356
	325,356	11,412	—	—	—	336,768

As at 31 December 2017

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Liabilities	£	£	£	£	£	£
Other payables and accruals	—	163,599	—	16,256	—	179,855
Amounts due to the Ultimate Parent Company	45,397	—	—	—	—	45,397
Tax payable	—	—	2,987	—	—	2,987
	45,397	163,599	2,987	16,256	16,256	228,239

(d) Capital management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Company's stability and growth; and
- To maintain a strong capital base to support the development of its business

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Financial risk management objectives and policies (continued)

(e) Fair value estimation

The carrying amounts of the financial assets and liabilities approximate their fair values as of 31 December 2018 and 31 December 2017 as the majority of the Company's financial assets and liabilities are expected to mature within one year of the reporting date.

The Company categorizes financial instruments that are measured in the balance sheet at fair value, based upon the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: Inputs for the asset or liability are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include quoted dealer quotes for similar instruments and other techniques, such as discounted cash flow analysis.

The following table presents the Company's assets that approximate fair value at 31 December 2018:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Other receivables	—	47,268	—	47,268
Cash and cash equivalents	312,088	—	—	312,088
Amounts due from the Ultimate Parent Company	—	227,187	—	227,187
Total assets	312,088	274,455	—	586,543

The following table presents the Company's liabilities that approximate fair value at 31 December 2018:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Liabilities				
Other payables and accruals	—	222,680	—	222,680
Tax payable	—	63,876	—	63,876
Employee benefit obligation	—	67,466	—	67,466
Total liabilities	—	354,022	—	354,022

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Financial risk management objectives and policies (continued)

(e) Fair value estimation (continued)

The following table presents the Company's assets that approximate fair value at 31 December 2017:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Other receivables	—	11,412	—	11,412
Cash and cash equivalents	325,356	—	—	325,356
Total assets	325,356	11,412	—	336,768

The following table presents the Company's liabilities that approximate fair value at 31 December 2017:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Liabilities				
Other payables and accruals	—	179,855	—	179,855
Amounts due to the Ultimate Parent Company	—	45,397	—	45,397
Tax payable	—	2,987	—	2,987
Total liabilities	—	228,239	—	228,239

13. Investment in subsidiary

The Company's principal subsidiaries at 31 December 2018 and 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Company	Principal activities
		%	
Fidelity Stock Plan Services GmbH	Germany	100	Dedicated equity compensation support and solutions service provider.

14. Related party transactions

(a) Parent entities

The Company is controlled by the following entity:

Name	Type	Place of Incorporation	Ownership of interest	
			2018	2017
Fidelity Stock Plan Services, LLC	Immediate Parent Company	USA	100%	100%
FMR LLC	Ultimate Parent Company	USA	100%	100%

(b) Key management compensation

All Directors whose remuneration is borne by the Company are also deemed as the key management personnel of the Company.

The Director's compensation is disclosed in the Director's remuneration section. Further details of directors' emoluments are included in note 4 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Related party transactions (continued)

(c) Transactions with other related parties

The following transactions occurred with related parties:

	Notes	2018 £	2017 £
Revenue from cost plus on the provision of stock plan services	(i)	2,290,091	671,356
Rent	(ii)	112,135	12,119
IT and HR charges	(iii)	34,217	9,516
Legal charges and other fees	(iv)	52,191	—
Purchase of subsidiary	(v)	—	80,973
Finance charges charged from a related party	(vi)	103,240	—
Other fees paid to related parties	(vii)	29,881	—

Notes:

(i) Revenue received from Fidelity Stock Plan Services, LLC. for the provision of services.

(ii) FMR Investment Management (UK) Ltd charged the Company rent for space occupied in 1 St Martin's Le Grand, London, EC1A 4AS and FIL Investment Services GmbH charged for space occupied in Kastanienhöhe 1, 61476 Kronberg in Taunus, Germany, HRB 6111.

(iii) These are fees paid to FMR Investment Management (UK) Ltd in relation to IT and HR services.

(iv) These are fees for legal and administrative services paid to FMR Investment Management (UK) Ltd

(v) On 1 July 2017, Fidelity Stock Plan Services UK Limited purchased the shares of FIL Service Center GmbH from FIL Holdings (Luxembourg) S.A.

(vi) The administrative fees were paid to a related party in relation to accounting and finance services provided by the related party.

(vii) The balance represents expenses charged by Enterprise Infrastructure for IT support to the Company.

(d) Outstanding balances arising from sales/purchases of services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2018 £	2017 £
Current assets		
FMR LLC (Ultimate Parent Company)	227,187	—
Current liabilities		
FMR LLC (Ultimate Parent Company)	—	45,397

The balances with the Ultimate Parent Company are interest-free, unsecured and repayable on demand. All intercompany transactions with FMR LLC and affiliated companies are charged or credited through an intercompany account with FMR LLC and may not be the same as those which would otherwise exist or result from agreements and transactions among unaffiliated third parties.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Related party transactions (continued)

(d) Outstanding balances arising from sales/purchases of services (continued)

The Company generally is credited for its receivables and is charged for its liabilities through its intercompany account with FMR LLC. The Company may offset its intercompany payables against its intercompany receivables and the net will ultimately be settled by FMR LLC.

In 2018 net liabilities from FMR LLC of approximately £344,706 have been offset against the net receivables. In 2017 net receivables from FMR LLC of approximately £589,632 have been offset against the net liabilities.

15. Ultimate Parent Undertaking

The directors regard FMR LLC, a company registered in the United States of America, as the Ultimate Parent Company and the largest of which the Company is a member and for which group financial statements are prepared.

FMR LLC is located at 245 Summer Street, Boston, MA 02210, USA.

16. Staff

The average number of staff employed by the Company during the year, excluding directors, was 19 (2017: 14).