

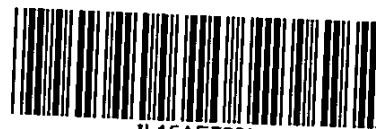
FIL Capital Management (UK) Limited

(Registered number: 6605826)

Financial statements

**For the year ended
30 June 2011**

FRIDAY



L15AE780

LD3

23/03/2012

#11

COMPANIES HOUSE

FIL CAPITAL MANAGEMENT (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

The directors present their report and the audited financial statements of FIL Capital Management (UK) Limited ("the Company") for the year ended 30 June 2011

Business review and principal activities

The Company was incorporated on 29 May 2008

On 29 May 2008, the Company issued 10,000 shares (£1 each) These were acquired by FIL Limited ("FIL") The authorised share capital of the Company is 100,000 shares

The principal activity of the Company is to provide investment research services and ancillary and general administration services for FIL Capital Management Limited (incorporated in Bermuda), including the provision of factual information, research reports and investment proposals as FIL Capital Management Limited may require from time to time

The Company is not authorised and regulated by the Financial Services Authority ("FSA") for conduct of regulated services in UK, as the Company acts as investment research provider to FIL Capital Management Limited, and will only undertake investment services or activities exclusively for FIL Capital Management Limited or other FIL undertakings which are subsidiary undertakings of FIL Limited

The results for the Company are set out on page 5

Development of the business

The Company's activities are expected to continue during the coming year Future levels of growth are largely dependent on market strength

Financial risk management

The Company is subject to operational risks and financial risks The latter include the effect of changes in market risk, credit risk, and liquidity risk, which make up the principal risks and uncertainties facing the Company The Company does not use derivative financial instruments and does not apply hedge accounting

The Company is committed to a business strategy which supports the proactive identification and assessment of risk, and uses risk information to enhance informed decision making and develop appropriate mitigation strategies The directors monitor risks associated with the Company and work closely with the risk management department of another FIL Limited group company to identify potential risks and deal with them

The Company has access to various oversight functions which provide a global and independent perspective to assist senior management with establishing policies and procedures for effective control and risk management

Market risk

The Company is exposed to various types of market risk Interest rate risk applies to interest bearing assets in the form of deposits and cash held with the Company's banks Term deposit balances earn fixed rates of interest, and overnight deposits are subject to the interest rate available on the day Foreign currency exchange rate risk exists on certain costs incurred but the potential impact of this is immaterial to the Company

Liquidity risk

Working capital balances are monitored closely on an ongoing basis

Key performance indicators

The directors use several financial key performance indicators ("KPIs") when reviewing the performance of the Company At this time, non financial KPIs are not a significant element of the business performance review, however the directors will continue to review their appropriateness

FIL CAPITAL MANAGEMENT (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011 - Continued

Directors

The directors of the Company during the year ended 30 June 2011 and up to the date of signing the financial statements (unless otherwise stated) are listed below

Simon Clark
Simon Mark Haslam
Nicola Joanne McCabe

Statement of Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

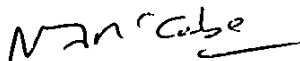
Disclosure of information to auditors

So far as the directors are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the annual general meeting.

On behalf of the board



N McCabe
Director
16 March 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIL CAPITAL MANAGEMENT (UK) LIMITED

We have audited the financial statements of FIL Capital Management (UK) Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

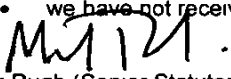
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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


Mark Pugh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 March 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIL CAPITAL MANAGEMENT (UK) LIMITED

We have audited the financial statements of FIL Capital Management (UK) Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

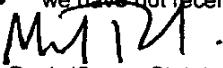
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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


Mark Pugh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 March 2012

FIL CAPITAL MANAGEMENT (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Year Ended 30 June 2011 £000	Year Ended 30 June 2010 £000
Turnover	1 2	3,449	2,854
Administrative expenses		(3,108)	(2,603)
Operating profit		341	251
Exchange gain/(loss)		30	(34)
Profit on ordinary activities before taxation	2	371	217
Taxation on profit on ordinary activities	5	(115)	(53)
Profit for the financial year		256	164

All operations are regarded as continuing

The Company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

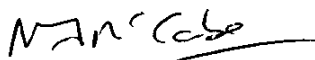
The notes on pages 8 to 12 form an integral part of these financial statements

FIL CAPITAL MANAGEMENT (UK) LIMITED

BALANCE SHEET AS AT 30 JUNE 2011

	Notes	2011 £000	2010 £000
Current assets			
Debtors	6	1,711	1,367
Cash at bank and in hand		168	51
		<u>1,879</u>	<u>1,418</u>
Creditors - amounts falling due within one year	7	(1,788)	(983)
Net Current Assets		<u>91</u>	<u>435</u>
Net assets		<u>91</u>	<u>435</u>
Capital and reserves			
Called up share capital	8	10	10
Profit and loss account		81	425
Total shareholders' funds	9	<u>91</u>	<u>435</u>

The financial statements on pages 5 to 12 were approved by the board of directors and were signed on its behalf by -



N McCabe
Director
FIL Capital Management (UK) Limited
Registered number 6605826
16 March 2012

FIL CAPITAL MANAGEMENT (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Year Ended 30 June 2011 £000	Year Ended 30 June 2010 £000
Turnover	1 2	3,449	2,854
Administrative expenses		(3,108)	(2,603)
Operating profit		341	251
Exchange gain/(loss)		30	(34)
Profit on ordinary activities before taxation	2	371	217
Taxation on profit on ordinary activities	5	(115)	(53)
Profit for the financial year		256	164

All operations are regarded as continuing

The Company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The notes on pages 8 to 12 form an integral part of these financial statements

FIL CAPITAL MANAGEMENT (UK) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

		Year Ended 30 June 2011	Year Ended 30 June 2010
	Notes	£000	£000
Net cash inflow from operating activities	10	860	1,790
Net cash inflow from returns on investments and servicing of finance		-	-
Taxation		(115)	(120)
Capital Expenditure		-	-
Net cash inflow before use of liquid resources and financing		<u>745</u>	<u>1,670</u>
Management of liquid resources		-	-
Net cash outflow from management of liquid resource		-	-
Financing			
Payment of Dividends		(600)	-
Notes Receivable		(28)	(413)
Long-term loan		-	(1,300)
Increase/(decrease) in cash	12	<u>117</u>	<u>(43)</u>

The notes on pages 8 to 12 form an integral part of these financial statements

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. Principal accounting policies

1.1 Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period are set out below.

1.2 Turnover

Turnover, which excludes Value Added Tax, represents fees receivable for the provision of investment advisory services. Revenue is recognised as earned on an accruals basis.

1.3 Foreign currencies

Monetary assets and liabilities of the Company expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling on the date of the transaction. Translation differences are included in the profit before taxation.

1.4 Pension scheme arrangements

Another UK group company, FIL Investment Management Limited ("FIML") operates a self-administered defined contribution scheme in which eligible employees of FIML and the Company participate. The Company is allocated an amount of FIML's expense through an expense allocation.

1.5 Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised 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 profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average 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 an undiscounted basis.

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued FOR THE YEAR ENDED 30 JUNE 2011

2 Profit on ordinary activities before taxation

	2011 £000	2010 £000
The profit on ordinary activities is stated after charging/(crediting)		
Intra-group allocations (revenue)	(3,450)	(2,854)
Foreign exchange (gain)/loss	(30)	34

Fees paid to the Company's auditor, PricewaterhouseCoopers LLP for the audit of the company were £2,200 (2010 £2,300) There were no fees for other services in the year (2010 nil)

3 Employee Information

	2011 £000	2010 £000
Wages and salaries	2,032	1,489
Social security costs	297	190
Other pension costs	122	88
	2,451	1,767

The average monthly number of employees directly employed by the Company (excluding directors) is five (2010 five)

4. Directors' emoluments

	2011 £000	2010 £000
<u>All directors</u>		
Aggregate emoluments	447	504
Company pension contributions to defined contribution schemes	46	37
	493	541

During the period retirement benefits were accruing to one (2010 one) director under a defined contribution scheme
As at 30 June 2011 there were no outstanding or prepaid contributions to the pension scheme (2010 nil) in relation to directors
The total directors' emoluments above relate to one director and therefore represent disclosure for the highest paid director as well

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued FOR THE YEAR ENDED 30 JUNE 2011

5 Tax on profits on ordinary activities

(a) The charge for tax on profit on ordinary activities is made up as follows

	2011 £000	2010 £000
Current taxation		
UK corporation tax on profits for the year	115	-
Amount payable to a fellow subsidiary in respect of group relief	-	61
Prior year adjustment in respect of group relief payable to a fellow subsidiary	(61)	-
Adjustments in respect of prior years	91	(9)
Total current tax	145	52
Deferred taxation		
Origination and reversal of timing differences	(30)	1
Tax on profit on ordinary activities	115	53

(b) The tax assessed for the year is higher (2010 lower) than the rate of corporation tax charged in the UK for the period of 27.5% (2010 28%). Factors affecting the tax charge are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	371	217
Profit on ordinary activities multiplied by the standard rate of UK corporation tax at 27.5% (2010 28%)	102	61
Effects of		
Expenses not deductible for tax purposes	1	-
Adjustments in respect of prior years	91	(9)
Prior year adjustment in respect of group relief	(61)	-
Movement on long term accruals	12	-
Total current tax charge	145	52

In 2011, the Company has not claimed or surrendered losses to fellow group companies

In 2010 the Company claimed losses of £123,114 (NIL following current year adjustments in respect of prior years) as group relief from FIL Investment Management, and £93,521 (NIL following current year adjustments in respect of prior years) from FIL Villa Mumm Ltd for consideration of £34,472 (NIL following current year adjustments in respect of prior years) and £26,186 (NIL - as above) respectively

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

	2011 £000	2010 £000
At 1 July	15	16
Deferred tax credit/(debit) in profit and loss account	30	(1)
At 30 June	45	15

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued FOR THE YEAR ENDED 30 JUNE 2011

(d) The deferred tax asset consists of

	2011 £000	2010 £000
Short term timing differences	<u>45</u>	<u>15</u>

6 Debtors

	2011 £000	2010 £000
Amounts owed by group undertakings	1,220	905
Other debtors	441	413
VAT recoverable	5	34
Deferred tax asset	<u>45</u>	<u>15</u>
	<u>1,711</u>	<u>1,367</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment. Other debtors relates to a loan paid to a director at 4.75% for 5 years. There was no repayment of loan in 2011 (2010 Nil).

7 Creditors – amounts falling due within one year

	2011 £000	2010 £000
Accounts payables and accrued liabilities	1,788	922
Amount payable to group undertakings in respect of group relief	-	61
	<u>1,788</u>	<u>983</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

8 Called up share capital

	2011 £000	2010 £000
Authorised		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and paid up		
10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>

9 Reconciliation of movement in shareholders' funds

	2011 £000	2010 £000
Opening shareholders' funds	435	271
Profit for the financial year	256	164
Dividend payment	(600)	-
Closing shareholders' funds	<u>91</u>	<u>435</u>

FIL CAPITAL MANAGEMENT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued FOR THE YEAR ENDED 30 JUNE 2011

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

	2011 £000	2010 £000
Operating profit	341	251
Foreign Currency Exchange gains/(loss)	30	(34)
(Increase)/decrease in debtors	(316)	2,078
Increase/(decrease) in creditors	805	(505)
Net cash inflow from operating activities	<u>860</u>	<u>1,790</u>

11 Reconciliation of net cash flow to movement in net funds

	2011 £000	2010 £000
Increase/(decrease) in cash in the year	117	(43)
Cash inflow from increase in liquid resources	-	-
Movement in net funds in the year	<u>117</u>	<u>(43)</u>
Net funds at 30 June 2010	51	94
Net funds at 30 June 2011	<u>168</u>	<u>51</u>

12 Analysis of changes in net funds

	At 30 June 2010 £000	Cash flows £000	At 30 June 2011 £000
Cash at bank and in hand	<u>51</u>	<u>117</u>	<u>168</u>

13 Capital commitments

There were no capital commitments as at 30 June 2011 (2010 nil)

14 Contingent amounts

The Company does not have any contingent liability as at 30 June 2011 (2010 nil)

15. Related party transactions

The Company has taken advantage of the exemption under the terms of FRS 8 from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties

16 Ultimate parent undertaking and controlling party

The parent undertaking and controlling party is FIL Limited (previously Fidelity International Limited), a company incorporated in Bermuda