

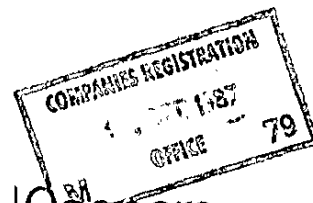
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FIDELITY INVESTMENT SERVICES LIMITED

REPORT OF THE DIRECTORS AND STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1986



Coopers  
& Lybrand

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REPORT OF THE DIRECTORS AND STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1986

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FIDELITY INVESTMENT SERVICES LIMITED

DIRECTORS' REPORT IN RESPECT OF THE PERIOD TO 30 JUNE 1986

- 1 The directors submit their annual report and accounts for the period ended 30 June 1986 to be presented to the annual general meeting of the company.

Review of activities

- 2 The company was incorporated as Clivecrow Limited on 2 May 1986. Its name was changed to Fidelity Investment Services Limited on 13 June 1986. The company acquired the net assets and trading activity of Fidelity International Management Limited with effect from the close of business on 30 June 1986. The company did not trade during the year to 30 June 1986. The principal activity of the company will be to manage Authorised Unit Trusts.

Results for the year

- 3 The company did not trade during the year consequently no dividend is recommended.

Directors

- 4 The directors of the company and their dates of appointment are given below.

E C Johnson 3d	19 June 1986
W L Byrnes	19 June 1986
R K Timberlake	19 June 1986
A J Ainsworth	19 June 1986
B R J Bateman	19 June 1986
M E Blair	19 June 1986
A J Bolton	19 June 1986
M H Cohen	19 June 1986
G D Tsergas	19 June 1986
J A W Smith	5 June 1986
D E Harrison	5 June 1986
P A Jeffries	19 June 1986 - resigned 1 October 1986

Fixed assets

- 5 The fixed assets were acquired on 30 June 1986 from the company's parent Fidelity International Management Limited and are set out in note 5 to the accounts.

DIRECTORS' REPORT IN RESPECT OF THE PERIOD TO 30 JUNE 1986 - ContinuedDirectors' interest in shares of the company

- 6 No directors have any interest in the shares of the company.

The interests of the directors in the holding company at 30 June, according to the register required to be kept by Section 325 of the Companies Act 1985 were as follows:

	30 June 1986	30 June 1985
	<u>'D' ordinary shares</u>	<u>'D' ordinary shares</u>
A J Ainsworth	1500	700
M E Blair	700	700
M H Cohen	1200	1200
G D Tsergas	500	-
J A W Smith	600	300
D E Harrison	500	-

As permitted by statutory instrument the shareholdings of the other directors, who are also directors of the holding company, are disclosed in the accounts of the holding company.

Share capital

- 7 50,000 shares were issued to the company's parent company Fidelity International Management Holdings Limited for a consideration of £50,000.

Auditors

- 8 Coopers & Lybrand were appointed as auditors to the company on 30 June 1986. A resolution for their re-appointment will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

Secretary

Registered Office:

River Walk  
Tonbridge  
Kent  
TN9 1D7

11 March 1987

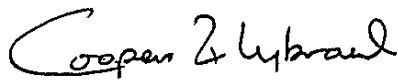
FIDELITY INVESTMENT SERVICES LIMITED

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REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 4 to 8 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 June 1986 and comply with the Companies Act 1985.



COOPERS & LYBRAND  
Chartered Accountants

Maidstone, 11 March 1987

FIDELITY INVESTMENT SERVICES LIMITED

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BALANCE SHEET - AT 30 JUNE 1986

	<u>Notes</u>		<u>1986</u>
		£'000	£'000
FIXED ASSETS			
Tangible assets	5		1,933
CURRENT ASSETS			
Stock of units		3,308	
Debtors	6	10,910	
Cash at bank and in hand		4,414	
		<u>18,632</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(20,245)	
			<u>(1,613)</u>
NET CURRENT ASSETS/(LIABILITIES)			
Total assets less current liabilities			320
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation			<u>270</u>
			<u>50</u>
CAPITAL AND RESERVES			
Called up share capital	10		<u>50</u>

These accounts were approved by the board on 11 March 1987.

D E Harrison )  
J A W Smith ) Directors

The notes on pages 5 to 8 form part of these accounts  
Auditors' report - page 3

NOTES TO THE ACCOUNTS 30 JUNE 1986

Principal accounting policies

- 1 A summary of the more important accounting policies is set out below.

a) Historical cost convention

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

b) Depreciation

Freehold property is not depreciated.

c) Stocks of units

Stocks of units held in the managers' box are stated at the lower of cost and net realisable value. In general, the cost is determined on a first in first out basis and represents amounts payable to the Trustee on creation of units and to unit holders on repurchase of units. Net realisable value is the price at which units can be sold, or cancelled, in the normal course of business after allowing for fiscal and sales charges.

d) Deferred taxation

Provision is made for deferred tax at the rate of corporation tax that will apply when the timing difference is expected to reverse (the liability method), but not where, in the opinion of the directors, the potential tax liability is remote.

Directors' emoluments

- 2 The emoluments of the directors are dealt with in the accounts of the holding company.

Employee information

- 3 There were no employees during the period.

Taxation

- 4 The deferred taxation balance, £270,000, represents the amount appropriate to the assets transferred to the company on 30 June 1986.

NOTES TO THE ACCOUNTS 30 JUNE 1986 - ContinuedTangible assets

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	<u>Leasehold improvements</u> £'000	<u>Office equipment</u> £'000	<u>Computer equipment</u> £'000	<u>Fixtures and fittings</u> £'000	<u>Motor vehicles</u> £'000	<u>Total</u> £'000
Transfers from other group company	269	485	1,577	487	384	3,202
At 30 June 1986	269	485	1,577	487	384	3,202
Transfers from other group company	138	176	575	200	180	1,269
At 30 June 1986	138	176	575	200	180	1,269
Net book value at 30 June 1986	131	309	1,002	287	204	1,933

All computer equipment disclosed above is leased out to a fellow subsidiary by means of non-cancellable operating leases.

Debtors

6

	<u>1986</u> £'000
Trade debtors	10,619
Prepayments and accrued income	291
	<u>10,910</u>



FIDELITY INVESTMENT SERVICES LIMITED

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NOTES TO THE ACCOUNTS 30 JUNE 1986 - Continued

Creditors: amounts falling due within one year

7		<u>1986</u> £'000
		141
	Due to holding company	
	Other creditors including taxation and social security (note 8)	16,002
	Accruals	1,115
	Bank overdraft	2,987
		<u>20,245</u>

Other creditors including taxation and social security

8		<u>1986</u> £'000
		15,809
	Trade creditors	55
	Social security	60
	VAT	78
	Other creditors	
		<u>16,002</u>

Deferred taxation

- 9 The movements in the provision for deferred taxation were as follows:-

		<u>1986</u> £'000
	Transfers from other group company	270
	At 30 June 1986	<u>270</u>

Share capital

- 10 50,000 ordinary shares of £1 each were issued and fully paid on 30 June 1986.

The authorised share capital is 50,000 ordinary shares of £1 each.

NOTES TO THE ACCOUNTS 30 JUNE 1986 - Continued

Capital commitments

- 11 There are no capital commitments at 30 June 1986.

Contingent liabilities

- 12 The company, along with certain other Fidelity group companies, has entered into an arrangement whereby the balance on its bank account is subject to a legal set off agreement, and is jointly and severally liable for any liabilities which may arise under this agreement.

Holding company

- 13 The company's share capital is 100% owned by Fidelity International Management Holdings Limited, a company incorporated in the United Kingdom. The ultimate holding company is Fidelity International Limited, which is incorporated in Bermuda. The ultimate holding company has agreed to subordinate its rights to those of other creditors.