

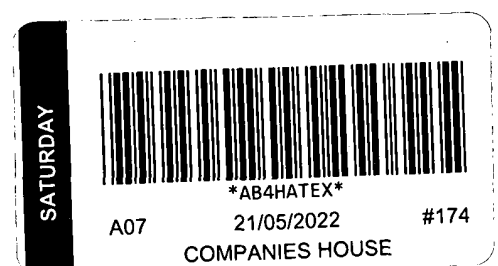
FIL Investment Services (UK) Limited

Company number 2016555

Annual Report and Financial Statements

Year ended

31 December 2021



FIL Investment Services (UK) Limited

**Annual report and financial statements
for the year ended 31 December 2021**

Contents

Page:

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

Directors

P Brookman
J Clougherty
M Palmer
T Robson-Capps
D Weymouth

Secretary and registered office

FIL Investment Management Limited, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey,
United Kingdom, KT20 6RP

Company number

2016555

Independent Auditors

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

FIL Investment Services (UK) Limited

Strategic report for the year ended 31 December 2021

The directors present their strategic report for FIL Investment Services (UK) Limited ("the company") for the year ended 31 December 2021.

Principal activities

The principal activity of the company is the management of Open Ended Investment Companies ("OEICs") and Alternative Investment Funds ("AIFs").

The company is authorised and regulated by the Financial Conduct Authority ("FCA").

Business review and position

The results for the company are set out on page 12. The company's profit for the financial year is £80,247,000 (31 December 2020: £34,115,000). Turnover and combined costs of sales and administrative expenses have increased by 123% and 118% respectively owing mainly to a shorter accounting period in the previous period and an increase in Assets under Management ("AuM") as a result of market recovery.

The company's balance sheet is set out on page 13 and shows net assets at 31 December 2021 of £108,027,000 (31 December 2020: £67,780,000).

The company's response to COVID-19 is set out on page 4.

Key performance indicators ("KPIs")

The directors of the company are of the opinion that its KPIs are consistent with those of the group headed by FIL Holdings (UK) Limited ("FHL"), of which the company is a member, and therefore separate disclosure is not necessary. Details of these KPIs may be found in the consolidated financial statements of FHL.

Development of the business

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

Risk management

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

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people or systems, or from external events. It is the largest risk to which the FIL Holdings (UK) Limited group of companies ("FHL group"), of which the company is a subsidiary, is exposed.

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

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

FIL Investment Services (UK) Limited

Strategic report
for the year ended 31 December 2021 (*continued*)

Risk management (*continued*)

Strategic risk

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

Financial risk

Financial risk may arise in the course of business and includes liquidity risk, market risk and credit risk. The company does not undertake principal trading, except on a de minimis basis to facilitate customers' orders, nor does it actively take on credit, market or liquidity risks, other than incidentally to its operational activity.

Liquidity risk

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

Market risk

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

In addition, strictly limited market risk positions are taken in relation to mutual funds. These positions are only taken to enable the efficient operation of day to day fund dealing activities for customers and clients and they are actively monitored within defined limits.

The company is also indirectly exposed to market risk, since the majority of the company's revenue is driven by asset values of funds under management and hence by the prices of securities. This risk is managed through regular monitoring of the assets under management and by active cost control.

Credit risk

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

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

The company acts as principal when investors buy or sell shares or units in its funds, meaning that monies flow to and from the funds through the company to the investors. Consequently, short-term settlement balances arise on the company's balance sheet in the form of amounts receivable and corresponding amounts payable in respect of the same transactions. Although these balances are not netted off in the financial statements, the units/shares in the funds are held until the counterparty in each transaction fulfils its obligations.

FIL Investment Services (UK) Limited

Strategic report
for the year ended 31 December 2021 (*continued*)

Risk management (*continued*)

Investment risk

Investment risk principally covers risks arising in the investment funds managed by the company. It is borne by investors, provided the company manages the funds within contractual limits and in line with investor expectations. The company actively manages communications and disclosures with investors to ensure that the risk profile of the funds is transparent and understood by those who ultimately bear this type of risk. Investment risk includes counterparty/credit, market and liquidity risks in the funds, all of which are monitored through risk indicators to ensure that the funds are not exposed to significant credit or concentration risk with respect to their primary counterparties.

Statement on Section 172(1) of the Companies Act

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

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

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

Customers

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

Suppliers

Key considerations around suppliers are discussed in the Engagement with Key Stakeholders section of the Directors' Report within the FHL group's financial statements.

Communities and environment

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

FIL Investment Services (UK) Limited

**Strategic report
for the year ended 31 December 2021 (continued)**

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

Reputation and high standards of business conduct

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

Response to COVID-19

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

The FHL group continues to actively support employees in a range of ways throughout the pandemic, with the vast majority of staff working from home which was successfully implemented ahead of the original 'lockdown' imposed by the UK Government. Following the emergence of the Omicron variant, the FHL group has taken a prudent stance on the Return to Office Working arrangements, closely following UK Government guidance and ensuring the welfare of staff continues to be of paramount importance during this period, as working practices change to hybrid and flexible working. The Board and the Audit and Risk Committee ("ARC") have considered and reflected on the steps taken to ensure staff wellbeing during these unprecedented times and whether there are unidentified or longer-term implications in this regard.

The company continues to maintain its ability to service customers and has suffered no significant reduction in service levels after the change to staff working from home model. This change necessitated revisions to certain operating practices and procedures and the risk implications of these revisions and compensatory controls continue to be carefully monitored. Customer contact has been maintained through digital channels, enabling the business to continue working to high service levels. Complaint trends have been carefully monitored and the root causes of these assessed to identify any key themes that were impacting customer experience.

The ARC has monitored the risk profile of the business during this period and the ongoing effectiveness of its control environment and remains comfortable with both aspects.

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

Throughout the pandemic, the company has continued to have an open and honest relationship with the regulator including regular dialogue. The company continues to maintain adequate capital and liquidity to support the business in meeting its obligations and upholds the highest standards of business conduct. The company did not participate in any emergency government support schemes relating to COVID-19.

FIL Investment Services (UK) Limited

Strategic report
for the year ended 31 December 2021 (*continued*)

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

Ukraine Crisis

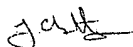
Given the recent escalation of events due to Russia commencing an invasion of Ukraine, this is an extremely uncertain time, with heightened concern broadly about the situation, the human cost and also potential for volatility in financial markets. We are monitoring the situation very closely, with all relevant teams across Fidelity International meeting regularly so we can react swiftly and ensure we meet the needs of our clients. Market volatility is an inevitable and inherent part of investing, and we have well established processes in place to deal with it, as well as Business Continuity Plans and robust processes in place to deal with fund liquidity, cyber related issues and other operational risks that may arise.

The US, EU and UK and other governments have issued sanctions against Russia targeting individuals, companies, and sectors. In consultation with our key stakeholders, we will review and comply with any economic sanctions imposed, adjusting portfolios if, and where required. Additionally, on the asset management side of the business, and given the seriousness of events in Ukraine, Fidelity International has decided that it will not be investing in Russia and Belarus for the foreseeable future. As such, we have implemented a firm-wide prohibition on any new or additional purchases of Russian and Belarusian securities. We are addressing our existing exposure and, where it is possible and appropriate, we will look at options to reduce it in a thoughtful way which protects the interests of our clients and mitigates unintended consequences. We will monitor events closely and continue to review our decision in the event of a significant change in the prevailing circumstances.

From a supplier perspective, FHL Group has no material exposure to Russia or Belarus involving counterparties or vendors at this time. The Group has a system in place to evaluate counterparties and vendors in line with our policies and sanctions-related obligations. We will continue to implement this policy and system.

Approval

This strategic report was approved on behalf of the Board on 30 March 2022.



J Clougherty
Director

FIL Investment Services (UK) Limited

Directors' report for the year ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Directors

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

P Brookman	
J Clougherty	
A Lanser	(resigned 23 February 2021)
M Palmer	(appointed 19 February 2021)
T Robson-Capps	
D Weymouth	

Dividends

An interim dividend of £40,000,000 (31 December 2020: £94,000,000) was paid in the year. No final dividend is proposed (31 December 2020: £nil).

Future developments

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

Change of accounting period

The company changed its accounting reference date from 30 June to 31 December in the prior period. These financial statements therefore reflect a twelve-month accounting period from 1 January 2021 to 31 December 2021. The comparative amounts presented in the Profit and loss account, the Statement of changes in equity, and the related notes are for the six months from 1 July 2020 to 31 December 2020.

Financial risk management

Information on the financial risk management of the company has been included in the strategic report on pages 1 to 3.

Overseas branches

During the year the company maintained a branch within Ireland.

Qualifying third party pension scheme indemnity provision

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

FIL Investment Services (UK) Limited

Directors' report for the year ended 31 December 2021 (continued)

Engagement with Key Stakeholders

Customers

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

Communities and environment

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

Streamlined Energy and Carbon reporting ("SECR")

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

Statement of directors' responsibilities

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

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

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

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

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

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

FIL Investment Services (UK) Limited

Directors' report for the year ended 31 December 2021 (continued)

Disclosure of information to auditors

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

Independent auditors

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

Approval

This directors' report was approved on behalf of the Board on 30 March 2022.


J Clougherty
Director

FIL Investment Services (UK) Limited

Independent auditors' report to the members of FIL Investment Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, FIL Investment Services (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Profit and loss account, and the Statement of changes in equity 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) and applicable law. Our responsibilities under International Standards on Auditing (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

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

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.

FIL Investment Services (UK) Limited

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

Reporting on other information (*continued*)

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements.

FIL Investment Services (UK) Limited

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

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

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

We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or expenses. Audit procedures performed by the engagement team included:

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jennifer March (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 March 2022

FIL Investment Services (UK) Limited

Profit and loss account for the year ended 31 December 2021

	Note	12 months ended 31 December 2021 £'000	6 months ended 31 December 2020 £'000
Turnover	2	353,098	158,275
Cost of sales		<u>(175,256)</u>	<u>(76,795)</u>
Gross profit		177,842	81,480
Administrative expenses		<u>(78,759)</u>	<u>(39,490)</u>
Operating profit	3	99,083	41,990
Interest receivable and similar income	5	<u>7</u>	<u>42</u>
Profit on ordinary activities before tax		99,090	42,032
Tax on profit on ordinary activities	6	<u>(18,843)</u>	<u>(7,917)</u>
Profit for the financial year / period		<u>80,247</u>	<u>34,115</u>
Total comprehensive income for the year / period		<u>80,247</u>	<u>34,115</u>

All operations are continuing.

The notes on pages 15 to 22 form an integral part of these financial statements.

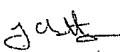
FIL Investment Services (UK) Limited

Balance sheet
at 31 December 2021

	Note	31 December 2021 £'000	31 December 2021 £'000	31 December 2020 £'000	31 December 2020 £'000
Current assets					
Stocks	8	1,784		1,780	
Debtors: amounts due within one year	9	161,626		204,771	
Investments	10	124,580		70,573	
Cash at bank and in hand		16,883		9,689	
			304,873		286,813
Creditors: amounts falling due within one year	11		(196,846)		(219,033)
Net assets			108,027		67,780
Capital and reserves					
Called up share capital	12		100		100
Capital contribution	13		32,714		32,714
Profit and loss account	13		75,213		34,966
Total equity			108,027		67,780

The notes on pages 15 to 22 form an integral part of these financial statements.

The financial statements on pages 12 to 22 were approved by the Board of Directors on 30 March 2022 and signed on its behalf by:


J Clougherty
Director

Company registration number: 2016555

FIL Investment Services (UK) Limited

Statement of changes in equity for the year ended 31 December 2021

	Note	Called up share capital £'000	Capital Contribution £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2020		100	32,714	94,851	127,665
Profit for the period		-	-	34,115	34,115
Total comprehensive income for the period		-	-	34,115	34,115
Dividends	7	-	-	(94,000)	(94,000)
At 31 December 2020		100	32,714	34,966	67,780
Profit for the year		-	-	80,247	80,247
Total comprehensive income for the year		-	-	80,247	80,247
Dividends	7	-	-	(40,000)	(40,000)
At 31 December 2021		100	32,714	75,213	108,027

The notes on pages 15 to 22 form an integral part of these financial statements.

FIL Investment Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2021

1 Accounting policies

General information

FIL Investment Services (UK) Limited is a private company limited by shares and incorporated in England. The registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, United Kingdom, KT20 6RP.

Statement of compliance

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

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

Basis of preparation

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

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

Change of accounting period

The company changed its accounting reference date from 30 June to 31 December in the prior period. The financial statements are presented for the 12 months ended 31 December 2021 with comparatives for the 6 months ended 31 December 2020. The comparative amounts presented in these financial statements (including the related notes) are not entirely comparable.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires company management to make judgements, estimates and assumptions in applying the company's accounting policies. Estimates and judgements 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. There are no areas involving a high degree of judgement or complexity, or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Turnover

Turnover, which arises within the United Kingdom and excludes value added tax, is accounted for on an accruals basis and recognised as earned, through performance obligations satisfied over time. Investment management fee revenues are calculated as a percentage of net assets managed in accordance with individual management agreements and are paid in accordance with the terms of the agreements.

Accounts receivable from revenues include both earned and unbilled items as well as billed items pending collection. Accounts receivable are reported at book value less allowance for doubtful accounts.

Cost of sales and Administrative expenses

Cost of sales and Administrative expenses are accounted for on an accrual basis.

FIL Investment Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

1 Accounting policies (*continued*)

Financial instruments

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

Stocks

Stocks consist of investments held for fund management and transfer agency operational purposes, comprising holdings in Fidelity International funds. These are recognised at fair value with changes in fair value recognised in profit and loss.

Current asset investments

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

Cash

Cash in the balance sheet comprise cash at bank.

Debtors

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

Creditors

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

Current and deferred tax

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

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

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

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

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

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

FIL Investment Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Foreign currency translation

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

Profits and losses of foreign branches are translated into sterling at the average rates of exchange during the year. Exchange differences arising when the profit and loss accounts are compared with rates ruling at the year-end are recognised in other comprehensive income.

Dividends

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

Pension costs

Another group company, FIL Investment Management Limited ("FIML"), operates a self-administered defined contribution scheme in which eligible employees of the group headed by FHL and directors of the company participate. The company is allocated an amount of FIML's expense through an expense allocation. A full description of the plan is included in the FIML financial statements.

2 Turnover

	12 months ended 31 December 2021 £'000	6 months ended 31 December 2020 £'000
Investment management fees	352,914	158,126
Other income	184	149
	<u>353,098</u>	<u>158,275</u>

3 Operating profit

	12 months ended 31 December 2021 £'000	6 months ended 31 December 2020 £'000
This is arrived at after charging/(crediting):		
Intra-group expense allocation	34,053	17,623
Exchange differences	(44)	(25)
	<u>34,009</u>	<u>17,598</u>

The company does not have any employees (31 December 2020: none). FIML employs all staff. A number of operating expenses, including staff costs, have been initially paid by FIML and allocated to the company.

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

The audit fees for the company are £78,000 (31 December 2020: £77,000).

FIL Investment Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

4 Directors' remuneration

	12 months ended 31 December 2021 £'000	6 months ended 31 December 2020 £'000
Directors' emoluments	359	151
Company contributions to defined contribution schemes	-	-
	<u>359</u>	<u>151</u>

During the year, retirement benefits were accruing to no directors (31 December 2020: none) under a defined contribution scheme.

Emoluments of the highest paid director were £146,000 (31 December 2020: £81,000). Company pension contributions of £nil (31 December 2020: £nil) were made to a defined contribution scheme on their behalf.

5 Interest receivable and similar income

	12 months ended 31 December 2021 £'000	6 months ended 31 December 2020 £'000
Income from current asset investments	7	42
	<u>7</u>	<u>42</u>

6 Tax

	12 months ended 31 December 2021 £'000	6 months ended 31 December 2020 £'000
<i>Current tax</i>		
UK corporation tax on profits for the year / period	5,149	978
Adjustment in respect of previous periods	(434)	(2)
Amount payable to FIL group companies in respect of group relief	13,558	6,941
Adjustment to group relief in respect of previous periods	567	-
Foreign Taxes	3	-
	<u>18,843</u>	<u>7,917</u>
Tax on profit on ordinary activities		

FIL Investment Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

6 Tax (continued)

The tax assessed for the year is higher (31 December 2020: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	12 months ended 31 December 2021 £'000	6 months ended 31 December 2020 £'000
Profit on ordinary activities before tax	99,090	42,032
Profit on ordinary activities at the standard rate of UK corporation tax of 19% (31 December 2020: 19%)	18,827	7,986
Effects of:		
Adjustments in respect of previous periods	(434)	(2)
Compensating adjustments	(116)	(67)
Adjustment to group relief in respect of previous periods	567	-
Tax rate differences in respect of overseas branches	(1)	-
Total tax charge for year / period	18,843	7,917

In the current year the company claimed tax losses of £74,344,000 (31 December 2020: £36,533,000) as group relief from FIL group companies for consideration of £14,125,000 (31 December 2020: £6,941,000).

The Finance Act 2021, which received Royal Assent on 10 June 2021, announced that the current Corporation Tax rate of 19% in the UK would rise to 25% from 1st April 2023.

7 Dividends

	12 months ended 31 December 2021 £'000	6 months ended 31 December 2020 £'000
Equity - Ordinary shares		
Interim paid of £400 (31 December 2020: £940) per £1 share	40,000	94,000

The directors have not proposed a final dividend for the year ended 31 December 2021 (31 December 2020: £nil).

8 Stocks

	31 December 2021 £'000	31 December 2020 £'000
Stocks of fund holdings	1,784	1,780

FIL Investment Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

9 Debtors: amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Trade debtors - customers and funds	122,731	173,328
Amounts owed by group undertakings	2,346	635
Other debtors	36,549	30,808
	<u>161,626</u>	<u>204,771</u>

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

10 Current asset investments

	31 December 2021 £'000	31 December 2020 £'000
Mutual and collective fund investments	<u>124,580</u>	<u>70,573</u>

11 Creditors: amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Trade creditors - customers and funds	131,425	173,397
Amounts owed to group undertakings	50,982	31,321
Corporation tax	8,338	5,848
Other creditors	6,101	8,467
	<u>196,846</u>	<u>219,033</u>

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

12 Called up share capital

	31 December 2021 £'000	31 December 2020 £'000
<i>Allotted, called up and fully paid</i>		
100,000 (31 December 2020: 100,000) ordinary shares of £1 each	<u>100</u>	<u>100</u>

13 Reserves

Capital contribution

Capital contribution records the amount of equity capital contributed to the company by its parent undertaking which has not been made in exchange for shares issued.

Profit and loss account

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

FIL Investment Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

14 Contingent liabilities and guarantees

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

As at 31 December 2021 the net bank balance on FHL group accounts held within the arrangement was £18,820,000 (31 December 2020: £13,416,000).

15 Financial instruments

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

	31 December 2021 £'000	31 December 2020 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	126,364	72,353
Financial assets that are debt instruments measured at amortised cost	161,626	204,771
Financial liabilities		
Financial liabilities measured at amortised cost	188,508	213,185

Financial assets measured at fair value through profit or loss comprises stocks and current asset investments.

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

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and amounts owed to group undertakings.

16 Statement of cash flows and related party transactions

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

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

The company is regarded under FRS 102 as a related party with the underlying collective investment funds that it manages by virtue of the influence it has over their operations. Amounts paid to the company in respect of investment management and administration fees totalled £360,235,000 (31 December 2020: £158,126,000) for the year and amounts due at 31 December 2021 are £33,760,000 (31 December 2020: £29,659,000).

FIL Investment Services (UK) Limited

**Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)**

17 Ultimate parent undertaking and controlling party

The immediate parent undertaking is FIL Holdings (UK) Limited, a company registered in England and Wales. This is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of FIL Holdings (UK) Limited may be obtained from The Company Secretary, FIL Investment Management Limited, 4 Cannon Street, London, England, EC4M 5AB.

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