

**FIDELITY PROPERTY COMPANY
LIMITED**

(Registered No: 2039759)

**Annual Report
for the year ended 30 June 2007**

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FIDELITY PROPERTY COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

The directors submit their annual report and audited financial statements for the year ended 30 June 2007

Principal activities

The company's principal activities are the development of freehold and leasehold property for investment purposes. It is anticipated that the company will continue to act in this capacity for the foreseeable future.

Review of business and future developments

Having regard to the company's expected future cashflows and its banking arrangements, these financial statements have been prepared on the going concern basis. The company has received the commitment for support necessary from the holding company in order to continue as a going concern.

The results of the company are set out in the profit and loss account on page 6. During the current year, the company did not acquire any fixed assets (2006: Nil).

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The company's activities are expected to continue during the coming year. Future levels of activity are largely dependent on continued investment in fixed assets.

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and valuation risk. 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 board of directors monitor risks associated with the company and work closely with the Risk Management department to identify potential risks and deal with them.

The company has various oversight functions which provide a global and independent perspective to assist senior management with establishing policies, processes and procedures for risk. The primary components of this grouping include a central risk management department, a global compliance group, a global internal audit group and a security network.

Credit risk

The company makes use of credit rating services of all the major credit rating agencies and has access to the research of brokerage firms and independent research companies.

The company holds all bank and cash balances with Barclays Bank plc. Barclays Bank plc is AA rated by S&P.

Liquidity risk

Working capital balances are monitored closely on an ongoing basis.

FIDELITY PROPERTY COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007 - Continued

Valuation risk

None of the properties within the company are held for investment and therefore there is no requirement for external valuation to be undertaken. However, depending on the market conditions and at the discretion of the directors, from time to time external valuations are carried out to ensure that there is no permanent impairment to the value of the properties.

Dividend

The directors do not recommend the payment of a dividend (2006 Nil)

Directors

The directors of the company during the year ended 30 June 2007 are listed below

S M Haslam	Resigned	31/12/06
A J K Steward	Resigned	31/12/06
R Wane	Resigned	31/12/06
M Heath	Appointed	01/01/07
R Heberden	Appointed	01/01/07
M T A Smith	Appointed	01/01/07

No director had a beneficial interest in any of the contracts of the company during the year (2006 None)

Statement as to disclosure of information to auditors

So far as the directors are aware there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) 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.

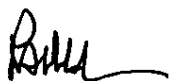
Directors' interests in shares

No director had any disclosable interest in the shares of the company, its holding company or any UK group company during the year (2006 None)

Registered auditors

PricewaterhouseCoopers LLP were appointed as auditors on 6 March 2003. The company has passed elective resolutions to dispense with the appointment of auditors annually and the holding of an annual general meeting.

By order of the board



R A Heberden
Director

26 February 2008

Registered Office
Oakhill House
130 Tonbridge Road
Hildenborough
KENT
TN11 9DZ

FIDELITY PROPERTY COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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

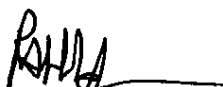
In preparing those financial statements, the directors are required to

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

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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

By order of the board



R A Heberden
Director

26 February 2008

FIDELITY PROPERTY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIDELITY PROPERTY COMPANY LIMITED

We have audited the financial statements of Fidelity Property Company Limited for the year ended 30 June 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

FIDELITY PROPERTY COMPANY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIDELITY PROPERTY
COMPANY LIMITED - Continued**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
3 March 2008

FIDELITY PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2007

	<u>Notes</u>	<u>2007</u> £'000	<u>2006</u> £'000
Turnover		1,007	989
Administrative expenses		(1,128)	(1,093)
Exceptional item			
Loss on sale of leasehold property	5	-	(2,509)
Operating loss		(121)	(2,613)
Loss on ordinary activities before taxation	3	(121)	(2,613)
Taxation on ordinary activities	4	(112)	438
Loss for the financial year		(233)	(2,175)
Accumulated losses brought forward		(6,590)	(4,415)
Accumulated losses carried forward		(6,823)	(6,590)

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 are no material differences between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The notes on pages 8 to 13 form part of these financial statements

FIDELITY PROPERTY COMPANY LIMITED

BALANCE SHEET AS AT 30 JUNE 2007

	<u>Notes</u>	<u>2007</u> £'000	<u>2006</u> £'000
Fixed assets			
Tangible assets	5	<u>1,366</u>	<u>1,474</u>
Current assets			
Debtors amounts falling due within one year	6	287	268
Cash at bank and in hand		916	929
		<u>1,203</u>	<u>1,197</u>
Creditors amounts falling due within one year	7	<u>(9,046)</u>	<u>(8,923)</u>
Net current liabilities		<u>(7,843)</u>	<u>(7,726)</u>
Total assets less current liabilities		<u>(6,477)</u>	<u>(6,252)</u>
Creditors amounts falling due after more than one year	8	(121)	(132)
Provision for liabilities and charges			
Deferred taxation	4(c)	<u>(224)</u>	<u>(205)</u>
Net liabilities		<u>(6,822)</u>	<u>(6,589)</u>
Capital and reserves			
Called up share capital	9	1	1
Accumulated losses		<u>(6,823)</u>	<u>(6,590)</u>
Total shareholders' deficit	10	<u>(6,822)</u>	<u>(6,589)</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 2008 and were signed on its behalf by


R A Heberden
Director

The notes on pages 8 to 13 form part of these financial statements

FIDELITY PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2007

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of significant accounting policies, which have been applied consistently, is set out below.

a) Historical cost convention

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

b) Turnover

Turnover, which arises wholly in the United Kingdom and excludes Value Added Tax, comprises rentals from letting the company's leasehold property.

c) Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation or amortisation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation on leasehold property is calculated on a straight line basis over 25 years being the lesser of the useful economic life of the property and the minimum life of the lease. Fixtures and fittings are depreciated over 5 years, being the expected useful economic lives of the assets.

d) Deferred taxation

Deferred taxation is recognised in respect of all timing differences which have originated, but not reversed, at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred. A deferred tax asset is recognised when it is more likely than not that the asset will be recoverable.

Deferred tax is measured on a non-discounted basis at the rate of Corporation Tax that is expected to apply when the timing differences are expected to reverse.

e) Cashflow statement

The company has taken advantage of the exemption within FRS1 (Revised) for subsidiary undertakings, 90% or more of whose voting rights are controlled within a group, from producing a cashflow statement. The cashflows of the company are included in the consolidated group cashflow statement of Fidelity Investment Management Limited, its immediate controlling company.

f) Operating leases

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

g) Going concern

It is recognised that at the 30 June 2007 the company has net liabilities. This does not affect the company's going concern status as all outstanding debt is held within the Fidelity Investment Management Limited group. Appropriate commitments for support have been provided to the company.

FIDELITY PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued
30 JUNE 2007

2 Directors' emoluments

	<u>2007</u> £'000	<u>2006</u> £'000
<i>All directors</i>		
Aggregate emoluments	66	59
Company pension contributions to defined contribution schemes	<u>17</u>	<u>6</u>

Retirement benefits are accruing to three (2006 three) directors under a defined contribution scheme

	<u>2007</u> £'000	<u>2006</u> £'000
<i>Highest paid director</i>		
Aggregate emoluments	19	26
Company pension contributions to defined contribution schemes	<u>12</u>	<u>3</u>

There were no employees during the year (2006 None)

3 Loss on ordinary activities before taxation

	<u>2007</u> £'000	<u>2006</u> £'000
Loss on ordinary activities before taxation is stated after charging		
Depreciation	108	109
Operating property lease charges	<u>993</u>	<u>977</u>

Audit fees for the year ended 30 June 2007 and 2006 were borne by Fidelity Investment Management Limited

FIDELITY PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued
30 JUNE 2007

4 Taxation

- a) The (credit)/charge for taxation on the loss on ordinary activities is made up as follows

	<u>2007</u> £'000	<u>2006</u> £'000
Current taxation		
UK corporation tax on loss for the period		
Adjustments in respect of prior periods	93	-
	<hr/> 93	<hr/> -
Total current taxation	93	-
Deferred taxation:		
Origination and reversal of timing differences	19	(438)
	<hr/> 112	<hr/> (438)
Taxation on loss on ordinary activities	<hr/> 112	<hr/> (438)

- b) The tax assessed for the period is higher than the loss at the standard rate of corporation tax in the UK (30%) The differences are explained below

	<u>2007</u> £'000	<u>2006</u> £'000
Loss on ordinary activities before tax	(121)	(2,613)
UK corporation tax on losses at 30% (2006 30%)	<hr/> (37)	<hr/> (784)
Adjustments		
Expenses not deductible for tax purposes	14	326
Depreciation in excess of capital allowances	19	442
Adjustments to tax charge in respect of previous periods	93	-
Tax losses surrendered	4	16
	<hr/> 93	<hr/> -
Total current taxation	<hr/> 93	<hr/> -

- c) The movement on the deferred tax liability is as follows

	<u>2007</u> £'000	<u>2006</u> £'000
Provision at start of period	205	643
Deferred tax debit/(credit) in profit and loss account	19	(438)
	<hr/> 224	<hr/> 205
Provision at end of period	<hr/> 224	<hr/> 205

- d) The deferred tax liability consists of

	<u>2007</u> £'000	<u>2006</u> £'000
Capital allowances in excess of depreciation	224	205
	<hr/> 224	<hr/> 205

FIDELITY PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued
30 JUNE 2007

5 Tangible Assets

	Leasehold Property £'000	Fixtures & Fittings £'000	Total £'000
Cost			
At 1 July 2006	2,719	2,829	5,548
At 30 June 2007	2,719	2,829	5,548
Depreciation			
At 1 July 2006	(1,245)	(2,829)	(4,074)
Charge for the year	(108)	-	(108)
At 30 June 2007	(1,353)	(2,829)	(4,182)
Net book value			
At 30 June 2007	1,366	-	1,366
Net book value			
At 30 June 2006	1,474	-	1,474

During the previous year the company surrendered leasehold interests to another group company, realising a loss of £2,509,000

6 Debtors amounts falling due within one year

	<u>2007</u> £'000	<u>2006</u> £'000
Prepayments and accrued income	280	268
Related party receivable	7	-
	<u>287</u>	<u>268</u>

FIDELITY PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued
30 JUNE 2007

7 Creditors' amount falling due within one year

	<u>2007</u> £'000	<u>2006</u> £'000
Amounts owed to group undertakings	8,757	8,664
VAT payable	40	-
Corporation tax liability	-	-
Accruals and deferred income	249	259
	<u>9,046</u>	<u>8,923</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand. The Directors have received a letter of support from the parent company to enable the company to meet its third party liabilities as they fall due.

8 Creditors' amounts falling due after more than one year

	<u>2007</u> £'000	<u>2006</u> £'000
Deferred income	121	132

9 Called up share capital

	<u>2007</u> £	<u>2006</u> £
500 Authorised, issued, called up and fully paid shares of £1 each	500	500

10 Reconciliation of movements in shareholders' deficit

	<u>2007</u> £'000	<u>2006</u> £'000
Loss for the financial year	(233)	(2,175)
Called up share capital	1	-
Accumulated losses brought forward	(6,590)	(4,415)
Closing shareholders' deficit	<u>(6,822)</u>	<u>(6,590)</u>

FIDELITY PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued 30 JUNE 2007

11 Capital commitments

As at 30 June 2007 there were no capital commitments (2006 nil)

12 Contingent liabilities

The company, along with certain other FIL Limited 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. As at 30 June 2007 the net bank balance on accounts held within the arrangement was £2,912,000 (2006 net bank balance £3,052,170)

13 Financial commitments

As at 30 June 2007, the company has annual commitments under non-cancellable operating leases as follows

	<u>2007</u>	<u>2006</u>
	Land and	Land and
	Buildings	Buildings
	£'000	£'000
Expiring during years 2 to 5	18	-
Expiring in over 5 years	954	972

14 Related party disclosure

The company has taken advantage of the exemption for subsidiary undertakings 90% or more of whose voting rights are controlled within the group, from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties

15 Immediate and ultimate parent undertaking

The immediate controlling party for which consolidated accounts are prepared is Fidelity Investment Management Limited, a company registered in England and Wales. Copies of the immediate controlling party's consolidated financial statements can be obtained from the Secretary, Fidelity Investment Management Limited, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent, TN11 9DZ

The ultimate controlling company is FIL Limited (which changed its name from Fidelity International Limited on 1 February 2008), a Bermuda company, which owns 100% of Fidelity Investment Management Limited's issued share capital