

**Fidelity Stock Plan Services UK Limited (Formerly
Fidelity Management & Research (U.K.) Limited)**

(Registered Number: 2709979)

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2017



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DIRECTORS AND OTHER INFORMATION

Board of Directors

Mark A. Haggerty (USA) (appointed 1 July 2017)
Travis Carpiço (USA) (appointed 1 July 2017)
Mark D. Flaherty (USA) (appointed 31 December 2015, resigned 6 July 2017)

Registered Office

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

Bankers

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

Independent Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

STRATEGIC REPORT

Strategic report for the year ended 31 December 2017

The directors present their strategic report for Fidelity Stock Plan Services UK Limited (the "Company") for the year ended 31 December 2017.

Review of the business

Principal activities

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

On 11 June 2017, Fidelity Management & Research (U.K.) Limited changed its name to Fidelity Stock Plan Services UK Limited. On 1 July 2017, Fidelity Management & Research Company sold the shares of Fidelity Stock Plan Services UK Limited (formerly known as Fidelity Management & Research (U.K.) Limited) to Fidelity Stock Plan Services LLC. Fidelity Stock Plan Services UK Limited (formerly Fidelity Management & Research (U.K.) Limited) was a dormant company until it acquired Fidelity Stock Plan Services GmbH (formerly FIL Service Center GmbH).

On 1 July 2017, Fidelity Stock Plan Services UK Limited purchased the shares of FIL Service Center GmbH from FIL Holdings (Luxembourg) S.A. On 4 August 2017, FIL Service Center GmbH changed its name to Fidelity Stock Plan Services GmbH.

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

The Company generated revenue of £671,356 in 2017 (2016: £0) from the provision of stock plan services. Company revenue is subject to a cost plus of 10% with the exception of Fidelity Stock Plan Services GmbH which earns income for services provided to Fidelity Stock Plan Services, LLC charged on a cost plus of 5% basis. The performance of the business and its position are detailed in the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows respectively. The Company earned a profit for the year of £23,807 (2016: £0). The directors consider that the outlook for the Company is positive with increasing business activity in stock plan services in 2018.

Key risks and uncertainties

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

Economic risk

The Company is subject to risks related to Brexit, the global economic environment and changes in currency exchange rates related to the payment for services, which may be due in currency other than the Company's functional currency. Management actively monitors these risks to assess the impact they may have on the Company's operations. Management will continue to assess any potential impact from Brexit given the uncertainty surrounding the timeline and impact on business activity.

Market risk

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

Financial risk

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

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


These risks are mitigated by vendor and counterparty vetting and ongoing monitoring of liquidity and capital. Further detail on financial risk is included in Note 9 to the consolidated financial statements.

STRATEGIC REPORT (continued)

Key performance indicators

The directors consider the key performance indicators of the Company are revenue, expenses and profit before income tax.

By order of the board


Travis Cerpico
Director

Dated: 21 September 2018

DIRECTORS' REPORT

The directors submit their directors' report and the consolidated financial statements for the year ended 31 December 2017.

Future development

The 2018 outlook for the Company is positive with increasing business activity in stock plan services in 2018.

Events after the Balance Sheet date

On 1 January 2018, the cost plus earned by Fidelity Stock Plan Services GmbH from Fidelity Stock Plan Services, LLC changed from 5% to 10%.

Results and dividends

The results for the year show a profit of £23,807 (2016: £0). The directors do not recommend the payment of a dividend.

Directors and their interests

The names of persons who were directors at any time during the year ended 31 December 2017 are set out below:

Mark A. Haggerty (USA) (appointed 1 July 2017)

Travis Carpico (USA) (appointed 1 July 2017)

Mark D. Flaherty (USA) (appointed 31 December 2016, resigned 6 July 2017)

Statement of directors' responsibilities in respect of the financial statements

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

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing financial statements for the year ended 31 December 2017 and that applicable accounting standards have been followed.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Books of account

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

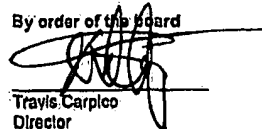
Policy and practice of payment

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

Provision of information to auditors

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

By order of the Board



Travis Carpico
Director

Dated: 21 September 2018

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated balance sheet as at 31 December 2017; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated 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) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and 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 set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the year ended 31 December 2016, forming the corresponding figures of the financial statements for the year ended 31 December 2017, are unaudited.



Liam O'Mahony (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
26 September 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	2017 £	2016 £
REVENUE	2	<u>671,356</u>	—
OPERATING EXPENSES			
Auditors' remuneration		37,290	—
Legal and professional fees		81,005	—
Rental cost		36,201	—
Staff costs:			
Salaries and benefits		328,071	—
Pension scheme contribution		26,120	—
Other staff costs		73,881	—
Travel and entertainment		2,058	—
Other expenses		<u>48,289</u>	—
Total operating expenses		<u>632,915</u>	—
Operating profit		<u>38,441</u>	—
Profit before income tax		38,441	—
Tax charge on profit on ordinary activities	5	<u>14,319</u>	—
Profit on ordinary activities after taxation		<u>24,122</u>	—
Other comprehensive income:			
Exchange differences on translation of foreign operations			
Other comprehensive income, net of tax		<u>(315)</u>	—
Total comprehensive income		<u><u>23,807</u></u>	—

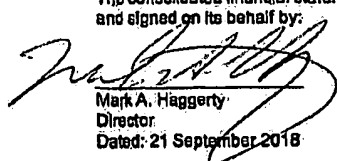
All of the above amounts relate to continuing activities. There were no gains or losses other than those dealt with in the consolidated statement of comprehensive income above.

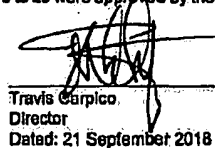
The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 December 2017

ASSETS	Notes	2017 £	31 December 2016 Restated £	1 January 2016 Restated £
Current assets				
Cash and cash equivalents	6	325,356	—	—
Other receivable		11,412	2	2
Total current assets		336,768	2	2
TOTAL ASSETS		336,768	2	2
LIABILITIES				
Current liabilities				
Other payables and accruals	7	179,855	—	—
Amounts due to the Ultimate Parent Company		45,397	—	—
Tax payable		2,987	—	—
Deferred tax liability	5	2,201	—	—
Total current liabilities		230,440	—	—
TOTAL LIABILITIES		230,440	—	—
Net assets		106,328	2	2
EQUITY				
Share capital	8	21,928	2	2
Other reserves		60,278	—	—
Retained earnings		24,122	—	—
TOTAL EQUITY		106,328	2	2

The consolidated financial statements on pages 8 to 25 were approved by the Board of Directors on 21 September 2018 and signed on its behalf by:


Mark A. Haggerty
Director
Dated: 21 September 2018


Travis Carpico
Director
Dated: 21 September 2018

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Share Capital	Other reserves	Retained Earnings	Total
	£	£	£	£
At 1 January 2016	2	—	—	2
Profit for the period	—	—	—	—
At 31 December 2016	2	—	—	2
At 1 January 2017	2	—	—	2
Contributions of equity	21,926	59,047	—	80,973
Cumulative translation adjustment	—	1,231	—	1,231
Profit for the period	—	—	24,122	24,122
At 31 December 2017	21,928	60,278	24,122	106,328

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

		2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
Profit before income tax		38,441	—
(Increase) in prepayments and deposits		(11,412)	—
Increase in other payables and accruals		228,237	—
Cash generated from operating activities		255,266	—
Income tax paid		(7,570)	—
Net cash generated from operating activities		247,696	—
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for acquisition of subsidiary net of cash acquired	10	80,973	—
Net cash used in investing activities		80,973	—
NET INCREASE IN CASH AND CASH EQUIVALENTS		328,669	—
Cash and cash equivalents at beginning of year		—	—
Effects of exchange rate changes on cash and cash equivalents		(3,313)	—
CASH AND CASH EQUIVALENTS AT END OF YEAR		325,356	—
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank		325,356	—

Purchase consideration for the subsidiary entity was a non cash transaction. Please see note 10 for further details.

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

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

On 11 June 2017, Fidelity Management & Research (U.K.) Limited changed its name to Fidelity Stock Plan Services UK Limited. Prior to 11 June 2017, Fidelity Management and Research (U.K.) Limited was a dormant company.

Up to 1 July 2017, Fidelity Stock Plan Services UK Limited was a wholly owned subsidiary of Fidelity Management and Research Company (FMR Co). On 1 July 2017, FMR Co sold Fidelity Stock Plan Services UK Limited to Fidelity Stock Plan Services, LLC.

On 1 July 2017, Fidelity Stock Plan Services UK Limited purchased the shares of FIL Service Center GmbH from FIL Holdings (Luxembourg) S.A. On 4 August 2017, FIL Service Center GmbH changed its name to Fidelity Stock Plan Services GmbH.

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

The Company is a wholly-owned subsidiary of FMR LLC (the "Ultimate Parent Company").

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

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied.

2.1 Basis of preparation

(i) Compliance with IFRS

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

(ii) Principles of consolidation

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

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

(iii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

Amendment to IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

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

IFRS 16 Leases

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

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

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

The Company is currently assessing the impact of this standard on the Company's consolidated financial statements.

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

2.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is stated net of value-added tax, returns, rebates and discounts if any.

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

2.3 Foreign currency translation

(i) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.3 Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of comprehensive income.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of comprehensive income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in comprehensive income.

(iii) Group companies

The results and financial position of all the group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows;

- (a) assets and liabilities for each balance sheet presented or translated at the closing rate of that balance sheet
- (b) income and expenses for each income statement are translated at average exchange rates; and
- (c) all resulting exchange differences are recognised in the statement of comprehensive income

2.4 Income tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.4 Income tax (continued)

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

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

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

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

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

2.5 Employee Benefits

(i) Employee leave entitlements

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

(ii) Defined contribution plans

The Company contributes to defined contribution schemes on a mandatory or contractual basis. The schemes are generally funded through payments by the Company and other participating companies to trustee-administered funds. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The contributions are recognized as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Company has no further payment obligations once the contributions have been paid for employees in the UK, for employees in Germany the Company guarantees that at least paid contributions will be paid out. The Company's contributions to defined contribution plans are recognized in the year to which they relate. Assets of the defined contribution scheme are held in separately administered trusts from the Company.

(iii) Bonus payments

The expected cost of bonus payments is recognized as a liability when the Company has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus payments are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Share-based compensation

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.5 Employee Benefits (continued)

(iv) Share-based compensation (continued)

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

2.6 Other payables and accruals

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

2.7 Cash and cash equivalents

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

2.8 First-time adoption of IFRS

These consolidated financial statements, for the year ended 31 December 2017, are the first the Company has prepared in accordance with IFRS as adopted by the EU. For periods up to and including the year ended 31 December 2016, the Company prepared its financial statements in accordance with generally accepted accounting practice (UK GAAP).

Accordingly, the Company has prepared consolidated financial statements which comply with IFRS applicable for periods ending on or after 31 December 2017, together with the prior period data as at and for the year ended 31 December 2016, as described in the accounting policies. In preparing these consolidated financial statements, the Company's opening statement of financial position was prepared as at 1 January 2016, the Company's date of transition to IFRS.

The Company has determined that there are no material differences arising from the transition to IFRS as adopted by the EU. In making this determination, consolidated statement of comprehensive income, consolidated statement of cash flows balances as at 31 December 2016 and consolidated balance sheet balances for periods ending 1 January 2016 and 31 December 2016 were applied.

2.9 Operating Expenses

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

2.10 Share Capital

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

3. Critical Accounting Estimates and Judgements

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

(i) Income tax

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Critical Accounting Estimates and Judgements (continued)

(I) Income tax (continued)

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

4. Directors' remuneration

The directors did not receive any remuneration from the Company in the current financial reporting period.

5. Income tax expense

(i) Tax on profit on ordinary activities comprised:

	2017 £	2016 £
Current tax		
Current tax on profit for the year	12,118	—
Total current tax	12,118	—
Deferred tax		
Increase in deferred tax liabilities	2,201	—
Total deferred tax	2,201	—
Income tax expense	14,319	—

(ii) Factors affecting tax for the year

The current tax for the year is based on the effective rate of corporation tax in the UK of 19% for 2017. A reconciling item has been included to account for the difference between the German tax rate and the domestic tax rate.

	2017 £	2016 £
Profit before tax	38,441	—
Profit on ordinary activities multiplied by the domestic rate of corporation tax of 19%	7,304	—
<i>Effects of:</i>		
Foreign Tax Rate	1,450	—
Disallowable Expense	3,565	—
German GAAP to IFRS adjustment	(201)	—
Current tax for the year	12,118	—

(iii) Deferred tax liability

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Income tax expense (continued)

(iii) Deferred tax liability (continued)

	2017	2016
	£	£
At beginning of year	—	—
Origination during year	(2,201)	—
At end of year	(2,201)	—
Comprised as follows:		
Due after one year		
Shares scheme	731	—
Pension	(2,932)	—
	(2,201)	—

6. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank	325,356	—

7. Other payables and accruals

	2017	2016
	£	£
Payroll taxes	120,759	—
Professional services	42,840	—
Other accruals	16,256	—
	179,855	—

8. Share capital

Authorised share capital	2017	2016
	£	£
2 ordinary shares of £1 each	2	2
25,000 ordinary shares of €1 each (£0.88)	21,926	—
	21,928	2
Allocated, issued and fully paid		
2 ordinary shares of £1 each	2	2
25,000 ordinary shares of €1 each (£0.88)	21,926	—
	21,928	2

On 1 July 2017, Fidelity Stock Plan Services UK Limited purchased 25,000 shares of FIL Service Center GmbH from FIL Holdings (Luxembourg) S.A.

9. Financial risk management objectives and policies

The Company is exposed to a variety of financial risks: market risk (mainly interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk arise in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Financial risk management objectives and policies (continued)

The Company's overall risk management seeks to minimize any potential adverse effect on the Company's financial performance. These risks are managed by the Company's financial management policies and practices described below:

(a) Market risk

(i) Interest rate risk

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

(ii) Foreign currency risk

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

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

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

Monetary assets and liabilities in the parent company by currency of denomination

Foreign currency exposures

31 December 2017

	€	£
Cash and cash equivalents	214,201	—
Other receivables	10,157	—
Other payables and accruals	(131,844)	—
Amounts due to the ultimate holding company	(13,153)	—
Total currency of denomination	79,361	—

Monetary assets and liabilities from the above tables converted into British Pounds

Foreign currency exposures

31 December 2017

Cash and cash equivalents	190,356	—
Other receivables	9,027	—
Other payables and accruals	(117,167)	—
Amounts due to the ultimate holding company	(11,689)	—
Total currency of denomination	70,527	—

Company notes

31 December 2017

Parent	70,527	—
Total	70,527	—

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

Company notes

31 December 2017	€	£
Total in the consolidated financial statements	—	—
Reasonable shift	5.00%	—
Total effect on Profit of +ve movements	3,526	—
Total effect on Profit of -ve movements	(3,526)	—

(b) Credit risk

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

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

(c) Liquidity risk

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

The tables below summarise the maturity profile of the Company's financial assets and liabilities as at 31 December 2017 and 31 December 2016.

As at 31 December 2017

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

As at 31 December 2017

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

As at 31 December 2016

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
<u>Assets</u>	£	£	£	£	£
Other receivables	2	—	—	—	2
Cash and cash equivalents	—	—	—	—	—
Tax receivable	—	—	—	—	—
	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2</u>

As at 31 December 2016

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
<u>Liabilities</u>	£	£	£	£	£
Other payables and accruals	—	—	—	—	—
Amounts due to the Ultimate Parent Company	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(d) Capital management

The Company's objectives when managing capital are:

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

(e) Fair value estimation

The carrying amounts of the financial assets and liabilities approximate their fair values as of 31 December 2017 and 31 December 2016 as the majority of the Company's financial assets and liabilities are expected to mature within one year of the reporting date.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Financial risk management objectives and policies (continued)

(e) Fair value estimation (continued)

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: Inputs for the asset or liability are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include quoted dealer quotes for similar instruments and other techniques, such as discounted cash flow analysis.

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

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

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

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

The following table presents the Company's assets that approximate fair value at 31 December 2016:

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Other receivables	—	2	—	2
Cash and cash equivalents	—	—	—	—
Tax receivable	—	—	—	—
Total assets	—	2	—	2

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Financial risk management objectives and policies (continued)

(e) Fair value estimation (continued)

The following table presents the Company's liabilities that approximate fair value at 31 December 2016:

	Level 1 £	Level 2 £	Level 3 £	Total £
Liabilities				
Other payables and accruals	—	—	—	—
Amounts due to Ultimate Parent Company	—	—	—	—
Tax payable	—	—	—	—
Total liabilities	—	—	—	—

10. Business combinations

(a) Summary of acquisition

On 1 July 2017 Fidelity Stock Plan Services UK Limited acquired 100% of the issued share capital of FIL Service Center GmbH (Fidelity Stock Plan Services GmbH), a dedicated equity compensation support and solutions service provider. The acquisition is in line with the Company's aim of providing comprehensive stock plans services to subsidiaries of US companies located in Europe and indigenous European companies. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£
Purchase consideration (refer to (b) below):	
Cash paid	80,973
Total purchase consideration	80,973

The assets and liabilities recognised as a result of the acquisition are as follows:

Cash	522,976
Accounts receivable	(14,562)
Deferred tax asset	21,644
Accounts payable and short term liabilities	(382,144)
Employee benefits	(39,057)
Deferred income taxes	(27,884)
Net assets acquired	80,973

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Business combinations (continued)

(b) Purchase consideration – cash outflow

	£
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	80,973
Less: Balances acquired	
Cash	522,976
	522,976
Net inflow of cash – investing activities	442,003

11. Investment in subsidiary

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

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Company	Principal activities 2017
		2017 %	
Fidelity Stock Plan Services GmbH	Germany	100	Dedicated equity compensation support and solutions service provider.

12. Related party transactions

(a) Parent entities

The Company is controlled by the following entity:

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

(b) Key management compensation:

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

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

(c) Transactions with other related parties

The following transactions occurred with related parties:

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Related party transactions (continued)

(c) Transactions with other related parties (continued)

	Notes	2017 £	2016 £
Rental expenses charged by a related party	(i)	12,119	—
IT charges charged from a related party	(ii)	9,516	—
Purchase of subsidiary	(iii)	80,973	—
Revenue from cost plus on the provision of stock plan	(iv)	671,356	—

Notes:

- (i) FMR Investment Management (UK) Ltd charged the Company rent for space occupied in 1 St Martin's Le Grand, London, EC1A 4AS.
- (ii) These are fees paid to a related party in relation to IT services.
- (iii) On 1 July 2017, Fidelity Stock Plan Services UK Limited purchased the shares of FIL Service Center GmbH from FIL Holdings (Luxembourg) S.A.
- (iv) Revenue received from Fidelity Stock Plan Services, LLC. for the provision of services.

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

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

	2017 £
Current Liabilities	
FMR LLC (Ultimate Parent Company)	45,397

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

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

In 2017 net receivables from FMR LLC of approximately £589,634 have been offset against the net liabilities.

13 Ultimate Parent Undertaking

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

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

14 Staff

The average number of staff employed by the Company during the year, excluding directors, was 14.

15 Events after the Balance Sheet date

On 1 January 2018, the cost plus earned by Fidelity Stock Plan Services GmbH from Fidelity Stock Plan Services, LLC changed from 5% to 10%.