Fidelity Stock Plan Services UK Limited

(Registered Number: 2709979)

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2020

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors

Mark A. Haggerty (USA)
Danielle Deja (USA)

Independent Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Company Secretary

Broughton Secretaries Limited (appointed 1 October 2020)
54 Portland Place
London
W1B 1DY
United Kingdom

Registered Office

54 Portland Place
London
W1B 1DY
United Kingdom

Bankers

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

and

HSBC Trinkaus and Burkhardt AG
Königsallee 21/23
40212 Düsseldorf
Germany

STRATEGIC REPORT

Strategic report for the year ended 31 December 2020

The directors present their strategic report for Fidelity Stock Plan Services UK Limited (the "Company") for the year ended 31 December 2020.

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 (the "Subsidiary"). Fidelity Stock Plan Services UK Limited is a wholly-owned subsidiary of Fidelity Stock Plan Services, LLC (the "Immediate Parent Company") which in turn is a wholly-owned subsidiary of FMR LLC (the "Ultimate Parent Company").

On 29 April 2019, the Company commenced providing consultancy services on a cost plus basis of 10% to Fidelity Digital Asset Services, LLC. The provision of the consultancy services ceased on 31 March 2020 as the associate performing this work transferred to a new legal entity, Fidelity Digital Assets, Ltd ("FDAS").

On 8 June 2020, the Company agreed to employ certain personnel to support the Fidelity Center for Applied Technology ("FCAT") on behalf of the Ultimate Parent Company. These services are provided on a cost plus basis of 10%.

Fair review of the development and performance of the business and of its position
The Company generated revenue of £3,529,078 in 2020 (2019: £3,095,934) from the provision of stock plan services, digital assets consultancy services and services provided to FCAT. The results represent the consolidated position of the Company and the Subsidiary.

Company revenue is subject to a cost plus of 110% of total expenses. The performance of the business and its position are detailed in the consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows respectively. The Company earned a profit for the year of £201,890 (2019: £148,755). The directors consider that the outlook for the Company is positive with increasing business activity in stock plan services in 2021.

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 and considers that the Brexit impact will be minimal to the Company.

The United Kingdom left the European Union on 31 January 2020. The Company continues to utilise the Regulatory Co-ordination Program office to facilitate a Brexit working group which is a cross-functional task force assessing the ongoing impact of Brexit on the Company and the wider Group. The task force believe that the Brexit impact will be minimal on the Company and the wider Group. Management will continue to monitor the situation in view of the uncertainty surrounding the equivalence and memorandum of understanding between the United Kingdom and European Union.

Additionally, the structure of the Group allows it to mitigate the impact of Brexit. The Company and the Subsidiary have two distinct businesses with there being no movement of goods, capital or labor between them.

STRATEGIC REPORT (continued)

Key risks and uncertainties (continued)

In March 2020, the World Health Organisation (WHO) recognised the COVID-19 outbreak as a global pandemic. This has resulted in significant market volatility and declines in global markets and disruptions to commerce and travel. The Company has detailed business continuity plans for these situations and these have been put into effect to ensure operational continuity. The Company operates a cost plus model and this will further reduce any risk associated with the current global pandemic. The Company and the Ultimate Parent Company will continue to assess the business and economic impact as the situation evolves.

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 13 to the consolidated financial statements.

Key performance indicators

The directors consider the key performance indicators of the Company are total operating expenses and profit before income tax. The total operating expenses for the year amounted to £3,199,159 (2019: £2,804,496), representing a 14% increase year on year. This increase in operating expenses was due to higher staff costs.

By order of the board

DocuSigned by:
Danielle Deja
Danielle Deja
Director

Dated: 21 May 2021

DIRECTORS' REPORT

The directors submit their directors' report and the consolidated financial statements for the year ended 31 December 2020.

Future development
The outlook for the Company is positive with increasing business activity in stock plan services in 2021.

Post balance sheet events
As a result of the UK Budget on 3 March 2021, the tax rate from 1 April 2023 was changed from 19% to 25%. The Company does not expect this to have a material impact on the deferred tax asset balance as at 31 December 2020.

Results and dividends
The results for the year show a profit of £201,890 (2019: £148,755). The results represent the consolidated position of the Company and the Subsidiary. 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 2020 are set out below:

Mark A. Haggerty (USA)
Danielle Deja (USA)

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 2020 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 requirements of the Companies Act 2006 ("IFRS") and the applicable legal requirements of the Companies Act 2006 and with the interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies using IFRS. 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 1 Waterside, Citywest Business Campus, Dublin 24, Ireland but are also available at Broughton secretaries Limited, London, England, W1B 1DY, 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.

DIRECTORS' REPORT (continued)

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

DocuSigned by:
Danielle Deja
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Danielle Deja
Director
Dated: 21 May 2021

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 and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 group consolidated balance sheet and the company balance sheet as at 31 December 2020; the group consolidated statement of comprehensive income, the group consolidated statement of cash flows, and the group 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

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 and company'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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company'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 2020 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 company and their 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 in respect of the financial statements 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 and 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 group or 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 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
- 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Liam O'Mahony

Liam O'Mahony (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
24 May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	2020	2019
		£	£
REVENUE	2	3,529,078	3,095,934
OPERATING EXPENSES			
Auditors' remuneration		37,184	36,192
Depreciation	6	5,048	2,565
Depreciation charge on right-of-use assets	7	49,808	46,877
Legal and professional fees		427,326	424,430
Licence agreement with FMR IMUK	2.3	183,421	144,445
Staff costs:			
Salaries and benefits		1,824,115	1,443,949
Pension scheme contribution		139,333	109,923
Other staff costs		331,853	263,207
Travel and entertainment		9,445	152,720
Occupancy costs		29,116	33,848
Recruitment and agency		—	16,445
Other expenses		162,510	129,895
Total operating expenses		3,199,159	2,804,496
Operating profit		329,919	291,438
Lease interest expense	7	8,961	9,990
Profit before income tax		320,958	281,448
Tax charge on profit on ordinary activities	5	111,228	103,236
Profit on ordinary activities after taxation		209,730	178,212
Other comprehensive income			
Remeasurement of post employment benefit obligations	10	(22,268)	(16,610)
Exchange differences on translation of foreign operations		14,428	(12,847)
Total comprehensive income		201,890	148,755

All 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.

CONSOLIDATED BALANCE SHEET
As at 31 December 2020

ASSETS	Notes	2020	2019
		£	£
Non-current assets			
Property and equipment	6	10,722	4,517
Right-of-use assets	7	217,642	253,047
Deferred tax asset	5	6,692	2,865
Total non-current assets		235,056	260,429
Current assets			
Other receivables	8	31,441	18,931
Cash and cash equivalents		812,745	571,017
Amounts due from the Ultimate Parent Company		325,518	304,541
Total current assets		1,169,704	894,489
TOTAL ASSETS		1,404,760	1,154,918
LIABILITIES			
Non-current liabilities			
Employee benefit obligations	10	180,027	114,805
Lease liability	7	177,403	213,628
Total non-current liabilities		357,430	328,433
Current liabilities			
Lease liability	7	47,961	43,855
Other payables and accruals	9	310,344	281,696
Tax payable		103,206	117,005
Total current liabilities		461,511	442,556
TOTAL LIABILITIES		818,941	770,989
Net assets		585,819	383,929
EQUITY			
Share capital		2	2
Other reserves		40,273	48,113
Retained earnings		545,544	335,814
TOTAL EQUITY		585,819	383,929

The consolidated financial statements on pages 10 to 37 were approved by the Board of Directors on 21 May 2021 and signed on its behalf by:

DocuSigned by:
Danielle Deja
Danielle Deja
Director
Dated: 21 May 2021

DocuSigned by:
Mark Haggerty
Mark A. Haggerty
Director
Dated: 21 May 2021

COMPANY BALANCE SHEET
As at 31 December 2020

	2020	2019
ASSETS	£	£
Non-current assets		
Property and equipment	4,133	2,952
Deferred tax assets	6,692	2,865
Investment in Subsidiary	388,933	265,931
Total non-current assets	399,758	271,748
Current assets		
Cash and cash equivalents	283,873	232,367
Other receivables	25,531	11,078
Tax receivable	1,919	—
Amount due from the Ultimate Parent Company	100,092	86,338
Total current assets	411,415	329,783
TOTAL ASSETS	811,173	601,531
LIABILITIES		
Current liabilities		
Other payables and accruals	185,677	166,420
Tax payable	—	34,578
Total current liabilities	185,677	200,998
TOTAL LIABILITIES	185,677	200,998
Net assets	625,496	400,533
EQUITY		
Share capital	2	2
Other reserves	86,559	72,446
Retained earnings	538,935	328,085
TOTAL EQUITY	625,496	400,533

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in the Annual Report and Consolidated Financial Statements. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Immediate Parent Company and the Subsidiary rather than its own cash flows.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share Capital	Other reserves	Retained Earnings	Total
	£	£	£	£
At 1 January 2019	2	77,570	157,602	235,174
Profit for the period	—	—	178,212	178,212
Other comprehensive income	—	(16,610)	—	(16,610)
Cumulative translation adjustment	—	(12,847)	—	(12,847)
At 31 December 2019	2	48,113	335,814	383,929
At 1 January 2020	2	48,113	335,814	383,929
Profit for the period	—	—	209,730	209,730
Other comprehensive income	—	(22,268)	—	(22,268)
Cumulative translation adjustment	—	14,428	—	14,428
At 31 December 2020	2	40,273	545,544	585,819

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Notes	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		320,958	281,448
Depreciation	6	5,048	2,565
Depreciation charge on right-of-use assets		49,808	46,877
(Increase)/decrease in prepayments and deposits		(12,508)	28,337
Increase in other payables and accruals		28,648	47,838
Pension expense		81,913	66,551
Pension contribution		(42,290)	(29,405)
Increase in amounts due from the Ultimate Parent Company		(20,977)	(77,354)
Cash generated from operating activities		410,600	366,857
Lease interest expense	7	8,961	9,990
Income tax paid		(133,528)	(49,310)
Net cash generated from operating activities		286,033	327,537
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	6	(11,253)	(5,034)
Proceeds from sale of fixed assets	6	—	2,591
Net cash used in investing activities		(11,253)	(2,443)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(54,752)	(50,834)
Net cash used in financing activities		(54,752)	(50,834)
NET INCREASE IN CASH AND CASH EQUIVALENTS		220,028	274,260
Cash and cash equivalents at beginning of year		571,017	312,088
Effects of exchange rate changes on cash and cash equivalents		21,700	(15,331)
CASH AND CASH EQUIVALENTS AT END OF YEAR		812,745	571,017

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 (the "Subsidiary"), a limited liability company incorporated in Germany. The registered office of the Company is 54 Portland Place, London, England, W1B 1DY, United Kingdom.

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. On 29 April 2019, the Company commenced providing consultancy services on a cost plus basis of 10% to Fidelity Digital Asset Services LLC. The provision of the consultancy services ceased on 31 March 2020 as the associate performing this work transferred to a new legal entity, Fidelity Digital Assets, Ltd. On 15 June 2020, the Company agreed to employ certain personnel to support the Fidelity Center for Applied Technology ("FCAT") on behalf of the Ultimate Parent Company. These services are provided on a cost plus basis of 10%.

The Company is a wholly-owned subsidiary of Fidelity Stock Plan Services, LLC (the "Immediate Parent Company") which in turn 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. These policies are consistently applied to all the years presented, unless otherwise stated.

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 accounting standard in conformity with the requirements of the Companies Act 2006 ("IFRS") and the applicable legal requirements of the Companies Act 2006. The financial statements have been prepared in accordance with the interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies using 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 realised gains on transactions between group companies are eliminated. Unrealised 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 financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities, certain classes of property, plant and equipment and investment property – measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) New and amended standards adopted

There are no new standards, amendments or interpretations issued in 2020 or effective at the balance sheet date, materially impacting the Company.

(v) New standards and interpretations 'not yet adopted' by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2.2 Revenue

Revenue for the Company represents income for services provided to the Immediate Parent Company charged on a cost plus 10% basis and services provided to Fidelity Digital Asset Services, LLC and the Ultimate Parent Company on a cost plus 10% basis. The Subsidiary earns income for services provided to the Immediate Parent Company charged on a cost plus 10% basis.

The Company also generates revenue through providing stock plan services to subsidiaries of US companies located in Europe and indigenous European companies.

The Company has implemented IFRS 15 which came into effect on 1 January 2018. The Company has followed the five steps in the standard to assess all contracts and no material changes have been identified.

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. All revenue recognised by the Company adheres to the five steps set out in IFRS 15.

Under IFRS 15 Revenue recognition at contract inception, the Company assesses its contracts with customers and identifies performance obligations for distinct promises to transfer services (or bundles of services) to the customer. The Company considers all of the services promised in the contract regardless of whether the services are explicity stated or are implied by contract or customary business practices. The Company records revenue from contracts with customers based on the transaction price specified in the contracts and recognises revenue when or as performance obligations are satisfied.

2.3 Licence fee

The office building at 1 St Martin's Le Grand, London, EC1A 4AS lease is held in FMR Investment Management (UK) Limited ("FMR IMUK") and a licence fee is charged to the Company. FMR IMUK has control and the power to substitute the leased space. As a result, the leased assets are accounted for in FMR IMUK and lease accounting does not impact the Company. Payments made under the licence agreement are charged on an accruals basis to the consolidated statement of comprehensive income. Payments are based on the Company's headcount and include occupancy and depreciation costs and are made on a monthly basis. At the year end an annual true-up / true-down of actual payments versus actual cost is calculated and charged to the consolidated statement of comprehensive income.

2.4 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

2.4 Property and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Depreciation is provided on a straight line basis so as to write off the residual value of tangible fixed assets over the expected useful economic life of the assets concerned. The estimated useful lives of tangible fixed assets are as follows:

Computer equipment	3 years
Furniture	5 years
Leasehold improvements	10 years

2.5 Financial assets

(i) Financial assets

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's financial assets at amortised cost comprise "amounts due from the Ultimate Parent Company", "other receivables" and "cash and cash equivalents" in the consolidated balance sheet. Under IFRS 9, financial assets at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

IFRS 9 establishes a new model for recognition and measurement of impairments in loans and receivables that are measured at Amortized Cost or Fair Value through Other Comprehensive Income — the 'expected credit losses' (ECL) model. IFRS 9 allows the Company to use a simplified "provision matrix" for calculating expected losses as a practical expedient (e.g., for trade receivables), if consistent with the general principles for measuring expected losses. The provision matrix is based on the Company's historical default rates over the expected life of the trade receivables and is adjusted for forward–looking estimates.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (debtors more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income. There were no impairments of financial assets required at year end as determined under ECL model noted above (2019: £0).

Financial assets at amortised cost are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

(ii) Financial liabilities

Financial liabilities include trade payables and other monetary liabilities including amounts due to the Ultimate Parent Company.

All financial liabilities are recognised initially at the fair value net of transaction costs incurred. After initial recognition, they are subsequently measured at amortized cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, canceled, or expires.

2.6 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 funcitional currency"). The consolidated financial statements are presented in pounds sterling denoted by the symbol "£", which is the Company's functional and presentation currency.

(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 consolidated statement of comprehensive income.

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

(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 are 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 consolidated statement of comprehensive income

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

2.7 Income tax (continued)

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.

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, consolidated balance sheet and Company balance sheet.

2.8 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised 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 recognised in the consolidated statement of comprehensive income when the absences occur.

(ii) Post-employment obligations

The Company and the Subsidiary contribute to defined contribution schemes on a mandatory or contractual basis. The Company operates a defined contribution pension scheme and the Subsidiary operates a defined contribution scheme which is treated as a defined benefit plan for financial statement purposes. The schemes are generally funded through payments by the Company and the Subsidiary to trustee-administered funds.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

2.8 Employee benefits (continued)

(ii) Post-employment obligations (continued)

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The contributions are recognised as an employee benefit expense when they are due and 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.

The Subsidiary guarantees that at least paid in contributions will be paid out. The Subsidiary's defined contribution plan is treated as a defined benefit plan for financial statement purposes as guaranteeing paid in contributions means there are features of a defined benefit plan under IAS 19.

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The Projected Unit Credit Cost Method is used to determine the present value of the defined benefit obligation and the related current service cost. Under this method, a "projected accrued benefit" is calculated based upon service as of the date of valuation, but when the benefit formula is based on future compensation and social security levels, using assumptions about the growth of those amounts projected to the age at which the employee is assumed to leave active service. In normal circumstances the "projected accrued benefit" is based upon the plan's accrual formula. In Germany, however, it is common practice to calculate a "project-and-prorate" benefit whereby the expected benefit upon commencement is calculated, and then prorated based on the ratio of attained service versus projected service.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet. Service costs are recognised in pension costs in the consolidated statement of comprehensive income.

(iii) Bonus payments

The expected cost of bonus payments is recognised 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 compensation plans and is allocated a compensation charge that is amortized over the period in which the compensation charge is earned by the employee participants. The FMR LLC share plans are accounted for as share appreciation rights and provide holders with participation in the changes 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 is amortized over the applicable vesting periods with a charge to salaries and benefits in the consolidated statement of comprehensive income calculated by reference to the changes in the net asset value per share with adjustments arising upon ultimate vesting and payment of these share compensation plans.

2.9 Leases

(i) The Company's leasing activities and how these are accounted for

The Subsidiary leases 200m² of a building and 21 parking spaces at Kastanienhöhe 1, 61476 Kronberg im Taunus, Germany. The lease is scheduled to terminate in May 2025.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

2.9 Leases (continued)

(i) The Company's leasing activities and how these are accounted for (continued)
Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

(ii) Extension and termination options

Extension and termination options are included in the property leases for the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

2.10 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 recognised initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.11 Cash and cash equivalents

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

2.12 Operating expenses

Operating expenses are accounted for in the consolidated statement of comprehensive income and comprise payroll costs, auditor's remuneration, legal and professional fees, depreciation, depreciation charge on right-of-use assets, licence agreement with FMR IMUK, occupancy costs, recruitment and agency, travel and entertainment and other expenses. These expenses are accounted for on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

2.13 Share capital

Ordinary shares are classified as equity only for the Company. The distribution of share capital is made in a form of dividend payment to the Immediate Parent Company. The Company calculates its dividend payment by analyzing the excess cash levels using cash forecast and liquid capital impact analysis. The dividend payment is approved by the board of directors and paid out of the operating bank account. Dividends payments are accounted for in equity in the month the dividend payment is declared and approved by the board of directors.

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.

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.

The recognition of deferred tax assets is based on future profitability assumptions. In the events of changes to these profitability assumptions, the deferred tax asset will be assessed and adjusted accordingly.

(ii) Property and equipment

Items of property and equipment are tested for impairment if there is any indication that the carrying value of these assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate to be used in order to calculate the present value.

(iii) Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). As at 31 December 2020, the Company has calculated its right of use asset and lease liability up to the lease termination date.

(iv) Share-based compensation

The Company is allocated a charge for the share-based compensation plans and this charge is recognised in the consolidated statement of comprehensive income. On a periodic basis, the value of the shares is adjusted based on the net asset value of the Ultimate Parent Company in addition to further adjustments arising upon ultimate vesting.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting estimates and judgements (continued)

(v) Employee benefit obligation

The Subsidiary operates a defined contribution plan which is treated as a defined benefit plan for financial statement purposes as guaranteeing paid in contributions means there are features of a defined benefit plan under IAS 19. The Subsidiary guarantees at least paid in contributions will be paid out. Independent actuaries use the Projected Unit Credit Cost Method to determine the present value of the defined benefit obligation and the related current service cost. The actuaries use a number of assumptions (discount rate, expected long-term return on assets, price inflation, salary increases, increase in social security and pension increases) to determine the present value and service costs. Remeasurement gains and losses arising from experience adjustments and the assumptions are recognised in the period which they occur, directly in other comprehensive income.

4. Directors' remuneration

The directors did not receive any remuneration from the Company in the current or prior year financial reporting periods.

5. Income tax expense

(i) Tax on profit on ordinary activities comprised:

	2020	2019
	£	£
Current tax		
Current tax on profit for the year	115,453	110,199
Adjustments for current tax of prior periods	(398)	(2,112)
Total current tax	115,055	108,087
Deferred tax		
Increase in deferred tax assets	(3,827)	(4,851)
Total deferred tax	(3,827)	(4,851)
Income tax expense	111,228	103,236

(ii) Factors affecting tax for the year

The tax assessed for the year is higher (2019: higher) than the standard rate of the corporation tax in the United Kingdom. A reconciling item has been included to account for the difference between the German tax rate and the domestic tax rate. The differences are explained below:

NOTES TO THE FINANCIAL STATEMENTS

5. Income tax expense (continued)

(ii) Factors affecting tax for the year (continued)

	2020	2019
	£	£
Profit before tax	320,958	281,448
Profit on ordinary activities multiplied by the domestic rate of corporation tax of 19% (2019: 19%)	60,982	53,475
Effects of:		
Foreign tax rate	22,471	19,884
Disallowable Expense	25,669	44,275
German GAAP to IFRS adjustment	1,876	(1,200)
Adjustment in respect of prior years	(398)	(2,112)
Share scheme add-backs	4,053	(6,691)
Capital allowances in excess of depreciation	402	456
Premeasurement of deferred tax	(3,827)	(4,851)
Current tax for the year	111,228	103,236

(iii) Deferred tax asset

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 Immediate Parent Company therefore there is no deferred tax measured in respect of the Company's investment in the subsidiary.

	2020	2019
	£	£
At beginning of year	2,865	(1,986)
Origination during year	3,827	4,851
At end of year	6,692	2,865
Comprised as follows:		
Due after one year		
Shares scheme	6,930	3,303
Fixed assets	(238)	(438)
	6,692	2,865

NOTES TO THE FINANCIAL STATEMENTS

6. Property and equipment

	Computer Equipment £
Cost	
At 31 December 2018	5,301
Additions	5,034
Disposals	(3,060)
At 31 December 2019	7,275
Additions	11,253
At 31 December 2020	18,528

	Computer Equipment £
Accumulated depreciation	
At 31 December 2018	(662)
Charge	(2,565)
Disposals	469
At 31 December 2019	(2,758)
Charge	(5,048)
At 31 December 2020	(7,806)
Net Book value at	
At 31 December 2018	4,639
At 31 December 2019	4,517
At 31 December 2020	10,722

7. Leases

This note provides information for leases where the Company is a lessee.

The Company rents office space from a related party, FMR IMUK, in 1 St Martin's Le Grand, London, UK. The licence agreement is for a period of 12 months and it was not classified as a lease.

The lease information below is related to the office space occupied by the Subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

7. Leases (continued)

(i) Amounts recognised in the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

	2020	2019
	£	£
Right-of-use assets		
Leasehold building	217,642	253,047
	217,642	253,047
Lease Liabilities		
Current	47,961	43,855
Non-current	177,403	213,628
	225,364	257,483

(ii) Amounts recognised in the consolidated statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2020	2019
	£	£
Depreciation charge on right-of-use assets	49,808	46,877
Lease interest expense	8,961	9,990

The total cash outflow for leases in 2020 was £54,752 (2019: £50,834).

8. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank	812,745	571,017

9. Other payables and accruals

	2020	2019
	£	£
Accounts payable	20,998	4,505
Payroll taxes	191,064	135,424
Professional services	72,489	72,619
Other accruals	25,793	69,148
	310,344	281,696

NOTES TO THE FINANCIAL STATEMENTS

10. Employee benefit obligations

(a) Defined contribution plan treated as a defined benefit plan

	2020	2019
	£	£
Non-current	180,027	114,805
Total employee benefit obligation	180,027	114,805

The Subsidiary operates a defined contribution plan. The Subsidiary's defined contribution plan is treated as a defined benefit plan as guaranteeing paid in contributions means there are features of defined benefit plan.

The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Plan Compensation is equal to the yearly rate of pay as of the beginning of the fiscal year. The accrued cash balance as at date of retirement is converted into an annual pension payment. The plan is unfunded; therefore an asset method is not applicable. The Projected Unit Credit Cost Method is used to determine the present value of the defined benefit obligation and the related current service cost. Under this method, a "projected accrued benefit" is calculated based upon service as of the date of valuation, but when the benefit formula is based on future compensation and social security levels, using assumptions about the growth of those amounts projected to the age at which the employee is assumed to leave active service. In normal circumstances the "projected accrued benefit" is based upon the plan's accrual formula. In Germany, however, it is common practice to calculate a "project-and-prorate" benefit whereby the expected benefit upon commencement is calculated, and then prorated based on the ratio of attained service versus projected service.

(b) Consolidated balance sheet amounts

The amounts recognised in the consolidated balance sheet and the movements in the net defined benefit obligation are as follows:

NOTES TO THE FINANCIAL STATEMENTS

10. Employee benefit obligations (continued)

(b) Consolidated balance sheet amounts (continued)

	Present value of obligation	Fair value of plan assets	Total
	£	£	£
At 1 January 2020	279,932	(165,127)	114,805
Current service cost	77,850	—	77,850
Interest expense/(income)	3,514	(2,354)	1,160
Total amount recognised in consolidated statement of comprehensive income	81,364	(2,354)	79,010
Remeasurements			
Return on plan assets	—	(12,235)	(12,235)
Loss from change in financial assumptions	48,448	—	48,448
Experience gain	(13,944)	—	(13,944)
Total amount recognised in other comprehensive income	34,504	(12,235)	22,269
Exchange differences	10,984	(4,496)	6,488
Contributions:	—	(42,289)	(42,289)
Employers	—	(19,038)	(19,038)
Plan participants	19,038	—	19,038
Benefit payments	(256)	—	(256)
At 31 December 2020	425,566	(245,539)	180,027

(c) Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:	2020	2019
Discount rate	0.80 %	1.20 %
Price inflation	1.65 %	1.75 %
Rate of salary increase	2.75 %	2.75 %
Pension increases for in-payment benefits	1.50 %	1.75 %

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics. It is assumed that all active employees will retire at the earliest age possible under the German social system, i.e. at age 63, except for females born before 1952 who may retire as early as age 60.

Representative rates (not due to disability, retirement or mortality) at which participants are assumed to leave the Company by age and gender are shown below:

	Males		Females	
Age	2020	2019	2020	2019
20	14.90 %	14.90 %	25.00 %	25.00 %
30	6.90 %	6.90 %	10.00 %	10.00 %
40	1.60 %	1.60 %	3.00 %	3.00 %
50 & up	0.00 %	0.00 %	0.00 %	0.00 %

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

NOTES TO THE FINANCIAL STATEMENTS

10. Employee benefit obligations (continued)

(c) Significant estimates: actuarial assumptions and sensitivity (continued)

At 31 December 2020	Original Value	Sensitivity Analysis	Effect on DBO
Discount rate	0.80 %	0.50 %	(26,774)
Discount rate	0.80 %	(0.50)%	32,324

At 31 December 2019	Original Value	Sensitivity Analysis	Effect on DBO
Discount rate	1.20 %	0.50 %	(16,527)
Discount rate	1.20 %	(0.50)%	19,670

The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual report period.

The major categories of plan assets are as follows:

	2020 Allocation percentage Quoted	2020 Allocation percentage Unquoted	2020 Allocation percentage Total	2019 Allocation percentage Quoted	2019 Allocation percentage Unquoted	2019 Allocation percentage Total
Equities	91 %	0 %	91 %	93 %	0 %	93 %
Bonds/Derivatives	6 %	0 %	6 %	5 %	0 %	5 %
Other/Cash	0 %	3 %	3 %	0 %	2 %	2 %
Total	97 %	3 %	100 %	98 %	2 %	100 %

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Cost Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(d) The expected maturity profile of defined benefit obligation

The table below summerises the expected maturity profile of the defined benefit obligation as at 31 December 2020:

31/12/2021	31/12/2022	31/12/2023	30/12/2024	31/12/2025	31/12/2026 through 31/12/2030
£	£	£	£	£	£
364	1,149	2,005	2,959	4,007	71,135

The table below summerises the expected maturity profile of the defined benefit obligation as at 31 December 2019:

31/12/2020	31/12/2021	31/12/2022	30/12/2023	31/12/2024	31/12/2025 through 31/12/2029
£	£	£	£	£	£
350	1,114	1,947	2,873	3,903	38,896

(e) Risk exposure

Through its defined contribution pension plan which is treated as a defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

NOTES TO THE FINANCIAL STATEMENTS

10. Employee benefit obligations (continued)

(e) Risk exposure (continued)

(i) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to high quality corporate bond yields; if plan assets underperformed this yield, this will create a deficit. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of this plans bond holdings.

The Company ensures that the investment positions are actively managed with a long-term outlook in line with the obligations under the pension schemes. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations.

The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. The pension plans are invested in equities, bonds and cash which gives a diversified portfolio. The failure of any single investment would not have a material impact on the overall level of assets.

(ii) Inflation risks

The Company's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

(iii) Life expectancy

The plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

11. Share capital

	2020	2019
Authorised share capital	**£**	**£**
2 ordinary shares of £1 each	2	2
	2	2
Allocated, issued and fully paid		
2 ordinary shares of £1 each	2	2
	2	2

12. Other reserves

Other reserves represent the shareholder's capital contribution of £80,973 which is a non-refundable gift to the Company and £12,116 of other comprehensive losses.

13. 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. 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:

NOTES TO THE FINANCIAL STATEMENTS

13. Financial risk management objectives and policies (continued)

(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. 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 cash at bank is non-interest bearing so it is not exposed to interest rate risk and therefore no interest rate sensitivity analysis is disclosed.

(ii) Foreign currency risk

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 an investment in a German subsidiary whose functional currency is Euro and whose net assets are exposed to foreign currency translation risk.

Monetary assets and liabilities in the Subsidiary by functional currency (Euro (€))

	2020	2019
Foreign currency exposures	€	€
Cash and cash equivalents	592,012	399,907
Other receivables	6,615	9,274
Amounts due from the Ultimate Parent Company	251,983	257,540
Other payables and accruals	(340,747)	(270,864)
Total currency of denomination	509,863	395,857

Monetary assets and liabilities from the above tables have been converted using year end 2020 exchange rate into British Pounds (£)

	2020	2019
Foreign currency exposures	£	£
Cash and cash equivalents	528,871	338,650
Other receivables	5,910	7,854
Amounts due from the Ultimate Parent Company	225,108	218,090
Other payables and accruals	(304,405)	(229,373)
Total currency of denomination	455,484	335,221

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:

	2020	2019
	€/£	€/£
Total in the consolidated financial statements	455,484	335,221
Reasonable shift	5 %	5 %
Total effect on Profit of +ve movements	22,774	16,761
Total effect on Profit of –ve movements	(22,774)	(16,761)

NOTES TO THE FINANCIAL STATEMENTS

13. Financial risk management objectives and policies (continued)

(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 2020 (2019: AA- and A-1), 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. 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 2020 and 31 December 2019.

As at 31 December 2020

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Assets	£	£	£	£	£	£
Other receivables	—	13,939	17,502	—	—	31,441
Cash and cash equivalents	812,745	—	—	—	—	812,745
Amounts due from the Ultimate Parent Company	325,518	—	—	—	—	325,518
Right-of-use assets	—	—	49,307	168,335	—	217,642
	1,138,263	13,939	66,809	168,335	—	1,387,346

NOTES TO THE FINANCIAL STATEMENTS

13. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)`

As at 31 December 2020

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Liabilities	£	£	£	£	£	£
Other payables and accruals	—	212,062	98,282	—	—	310,344
Tax payable	—	—	103,206	—	—	103,206
Employee benefit obligation	—	—	—	10,483	169,544	180,027
Lease liability	—	7,874	40,087	177,403	—	225,364
	—	219,936	241,575	187,886	169,544	818,941

As at 31 December 2019

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Assets	£	£	£	£	£	£
Other receivables	—	18,931	—	—	—	18,931
Cash and cash equivalents	571,017	—	—	—	—	571,017
Amounts due from the Ultimate Parent Company	304,541	—	—	—	—	304,541
Right-of-use assets	—	—	46,740	206,308	—	253,048
	875,558	18,931	46,740	206,308	—	1,147,537

As at 31 December 2019

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Liabilities	£	£	£	£	£	£
Other payables and accruals	—	139,930	141,766	—	—	281,696
Tax payable	—	—	117,005	—	—	117,005
Employee benefit obligation	—	—	—	10,187	104,618	114,805
Lease liability	—	—	43,855	213,628	—	257,483
	—	139,930	302,626	223,815	104,618	770,989

(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 2020 and 31 December 2019 as the majority of the Company's financial assets and liabilities are expected to mature within one year of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

13. Financial risk management objectives and policies (continued)

(e) Fair value estimation (continued)

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.

- 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 are measured at fair value at 31 December 2020:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Other receivables	—	31,441	—	31,441
Cash and cash equivalents	812,745	—	—	812,745
Amounts due from the Ultimate Parent Company	—	325,518	—	325,518
Total assets				
	812,745	356,959	—	1,169,704

The following table presents the Company's liabilities that are measured at fair value at 31 December 2020:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Liabilities				
Other payables and accruals	—	310,344	—	310,344
Tax payable	—	103,206	—	103,206
Employee benefit obligation	—	180,027	—	180,027
Lease liability	—	225,364	—	225,364
Total liabilities				
	—	818,941	—	818,941

NOTES TO THE FINANCIAL STATEMENTS

13. Financial risk management objectives and policies (continued)

(e) Fair value estimation (continued)

The following table presents the Company's assets that are measured at fair value at 31 December 2019:

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Other receivables	—	18,931	—	18,931
Cash and cash equivalents	571,017	—	—	571,017
Amounts due from the Ultimate Parent Company	—	304,541	—	304,541
Total assets	571,017	323,472	—	894,489

The following table presents the Company's liabilities that are measured at fair value at 31 December 2019:

	Level 1 £	Level 2 £	Level 3 £	Total £
Liabilities				
Other payables and accruals	—	281,696	—	281,696
Tax payable	—	117,005	—	117,005
Employee benefit obligation	—	114,805	—	114,805
Lease liability	—	257,483	—	257,483
Total liabilities	—	770,989	—	770,989

14. Investment in subsidiary

The Company's principal subsidiaries at 31 December 2020 and 2019 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
Fidelity Stock Plan Services GmbH	Germany	100	Dedicated equity compensation support and solutions service provider.

15. Related party transactions

(a) Parent entities

The Company is owned and/or controlled by the following entities:

Name	Type	Place of Incorporation	Ownership of interest	
			2020	2019
Fidelity Stock Plan Services, LLC	Immediate Parent Company	USA	100%	100%
FMR LLC	Ultimate Parent Company	USA	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

15. Related party transactions(continued)

(b) Key management compensation

All directors' whose remuneration is borne by the Company are also deemed as the key management personnel of the Company. Their compensation is disclosed in the director's remuneration (see note 4).

(c) Transactions with other related parties

The following transactions occurred with related parties:

	Notes	2020 £	2019 £
Revenue from cost plus on the provision of stock plan services	(i)	3,194,162	2,883,004
Revenue from cost plus on the provision of FDAS services	(ii)	216,729	212,930
Revenue from cost plus on the provision of FCAT services	(iii)	118,187	—
Licence fee charged by a related party	(iv)	183,421	144,445
Lease expense	(v)	57,782	66,034
IT and HR charges	(vi)	18,832	18,532
Legal charges	(vii)	40,563	35,935
Finance charges charged from a related party	(viii)	128,732	129,294
Other fees paid to related parties	(ix)	91,438	58,179

Notes:

(i) Revenue received from Immediate Parent Company for the provision of services.

(ii) Revenue received from FDAS for the provision of services.

(iii) Revenue received from the Ultimate Parent Company for the provision of services.

(iv) FMR IMUK charged the Company rent for space occupied in 1 St Martin's Le Grand, London, EC1A 4AS.

(v) FIL Investment Services GmbH ("FIL") is a related company of the Immediate Parent Company. FMR LLC and FIL are affiliated through certain common owners. FIL charged for space occupied in Kastanienhöhe 1, 61476 Kronberg in Taunus, Germany, HRB 6111.

(vi) These are fees paid to FMR IMUK in relation to IT and HR services.

(vii) These are fees for legal and administrative services paid to FMR IMUK.

(viii) The administrative fees were paid to a related party in relation to accounting and finance services provided by FISC-Ireland Limited.

(ix) The balance represents expenses charged by Enterprise Infrastructure for IT support to the Company.

(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:

NOTES TO THE FINANCIAL STATEMENTS

15. Related party transactions (continued)

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

	2020	2019
Current receivables	**£**	**£**
FMR LLC (Ultimate Parent Company)	325,518	304,541

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 accordance with the agreement, net liabilities of approximately £25,793 (2019: £308,478) have been offset against the receivable from FMR LLC.

16. 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.

17. Staff

The average number of staff employed by the Company during the year, excluding directors was 24 (2019: 22).

18. Events after the balance sheet date

As a result of the UK Budget on 3 March 2021, the tax rate from 1 April 2023 was changed from 19% to 25%. The Company does not expect this to have a material impact on the deferred tax asset balance as at 31 December 2020.