

Fidelity Management & Research (UK) Inc

(Registered No: FC013670)

**Annual Report
for the year ended 31 December 2004**

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FIDELITY MANAGEMENT & RESEARCH (UK) INC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	<u>Notes</u>	<u>2004</u> \$'000	<u>2003</u> \$'000
Turnover		1,156	12,856
Administrative expenses		(981)	(12,431)
Operating profit		175	425
Investment income		67	46
Profit on ordinary activities before taxation	2	242	471
Taxation on profit on ordinary activities	4	(87)	(159)
Profit on ordinary activities after taxation		155	312
Profit for the financial year		155	312

All operations are regarded as continuing.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2004**

	<u>2004</u> \$'000	<u>2003</u> \$'000
Profit for the financial year	155	312
Total recognised gains relating to the year	155	312

The notes on pages 4 to 8 form part of these financial statements

FIDELITY MANAGEMENT & RESEARCH (UK) INC

BALANCE SHEET AS AT 31 DECEMBER 2004

	<u>Notes</u>	<u>2004</u> \$'000	<u>2003</u> \$'000
Current assets			
Investments	5	1,671	1,485
Debtors: amounts falling due within one year	6	14,352	14,341
		<hr/> 16,023	<hr/> 15,826
Liabilities			
Creditors: amounts falling due after more than one year	7	(138)	(96)
		<hr/>	<hr/>
Total assets		<hr/> 15,885	<hr/> 15,730
Capital and reserves			
Called up share capital	8	-	-
Other reserves	9	11,716	11,716
Profit and loss account	9	4,169	4,014
		<hr/>	<hr/>
Total equity shareholders' funds	10	<hr/> 15,885	<hr/> 15,730

The notes on pages 4 to 8 form part of these financial statements

FIDELITY MANAGEMENT & RESEARCH (UK) INC

**CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	<u>Notes</u>	<u>2004</u> \$'000	<u>2004</u> \$'000	<u>2003</u> \$'000	<u>2003</u> \$'000
Net cash inflow from operating activities	11		305		707
Taxation					
Corporation tax paid			(238)		(661)
			67		46
Management of liquid resources					
Sale of current asset investments		-		-	
Purchase of current asset investments		(67)		(46)	
Net cash (outflow)/inflow from management of liquid resources			(67)		(46)
Financing					
Repayment of subordinated loan		-		-	
Net cash outflow from financing			-		-
Increase/(decrease) in cash			-		-

The notes on pages 4 to 8 form part of these financial statements

FIDELITY MANAGEMENT & RESEARCH (UK) INC

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

Basis of reporting

The financial statements have been prepared in accordance with the Companies Act 1985 applicable to overseas companies. The company has taken advantage of the modifications and exemptions from disclosure that are set out in the Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990.

The financial statements have been prepared in accordance with historical cost convention modified by the revaluation of certain current asset investments.

Business

The company is a wholly-owned subsidiary of Fidelity Management & Research Company (the "parent undertaking"). The company is a registered investment advisor and provides research and advisory services under sub-advisory agreements with its parent undertaking. The company also provides research advice to the parent undertaking and an affiliate pursuant to a research joint venture agreement. The research joint venture agreement was terminated effective July 1, 2003. Intercompany transactions are settled during the normal course of business.

Turnover

Turnover relates to fees earned from research and investment advisory services provided. These are recognised as earned. Research fees are charged to the parent undertaking on a cost-plus fee arrangement. Gains and losses arising from the disposal of invested assets are computed on a specific identified cost basis.

Investments

Investments whose values are readily determinable are recorded at cost. Investments denoted in foreign currency are adjusted for unrealized gains and losses relating to foreign exchange differences, which are included in net income.

Taxation

The company is included in the consolidated Federal and State income tax returns of FMR Corp. the parent company of Fidelity Management & Research Company. The company is allocated a charge by FMR Corp. representing the sum of the applicable foreign and US statutory income tax.

Deferred taxation

Deferred income taxes result from differences in the recognition of revenue and expenses for tax and financial reporting purposes. Provision is made for deferred taxation at the rate of Corporation Tax that is expected to apply when the timing differences are expected to reverse (the liability method) to the extent that it is probable that a liability or asset will crystallise.

Currency translation

The financial statements of the Company are measured using the U.S. Dollar as the functional currency. The results of operations for the Company are translated into U.S. Dollars using average exchange rates during the period. Assets and liabilities are translated using exchange rates at the end of each period. Resulting gains/losses are included in net income.

FIDELITY MANAGEMENT & RESEARCH (UK) INC

NOTES TO THE FINANCIAL STATEMENTS - Continued

2 Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after crediting income from investments of \$67,075 (2003: \$46,335).

Auditors' remuneration is disclosed in the accounts of Fidelity Management and Research Company.

3 Director's emoluments

None of the directors received any remuneration from the company during the year.

4 Taxation

- a) The charge for taxation on profit on ordinary activities is made up as follows:

	<u>2004</u> \$'000	<u>2003</u> \$'000
Current taxation		
US Federal tax	32	(46)
US State	-	(11)
Foreign tax	13	120
	<u>45</u>	<u>63</u>
Deferred taxation		
Origination and reversal of timing differences	42	96
Taxation on profit on ordinary activities	<u>87</u>	<u>159</u>

- b) The taxation assessed for the period is more than the standard rate of corporation taxation in the US and the difference is made up as follows:

	<u>2004</u> \$'000	<u>2003</u> \$'000
Profit on ordinary activities before tax	<u>242</u>	<u>471</u>
US Federal tax on profits at 35% (2003 : 35%)	85	165
Effects of:		
Foreign tax	13	120
Other	(53)	(222)
	<u>45</u>	<u>63</u>

FIDELITY MANAGEMENT & RESEARCH (UK) INC

NOTES TO THE FINANCIAL STATEMENTS – Continued

4 Taxation (continued)

c) The movement in the deferred tax liability is as follows:

	<u>2004</u> \$'000	<u>2003</u> \$'000
At 1 January	96	-
Deferred tax charge in the profit and loss account for the period	42	96
At 31 December	<u>138</u>	<u>96</u>

5 Investments

The cost of investments was \$1,277,773 (2003: \$1,210,697).

	<u>2004</u> \$'000	<u>2003</u> \$'000
Managed funds	1,637	1,451
Money market funds	34	34
	<u>1,671</u>	<u>1,485</u>

6 Debtors: amounts falling due within one year

	<u>2004</u> \$'000	<u>2003</u> \$'000
Amount owed by parent undertaking	14,011	14,193
Foreign income taxes receivable	341	148
	<u>14,352</u>	<u>14,341</u>

Amount owed by parent undertaking is unsecured, interest free and has no fixed terms of repayment.

FIDELITY MANAGEMENT & RESEARCH (UK) INC

NOTES TO THE FINANCIAL STATEMENTS - Continued

7 Creditors: amounts falling due after more than one year

	<u>2004</u> \$'000	<u>2003</u> \$'000
Deferred tax liability (note 4)	138	96
	<u>138</u>	<u>96</u>

8 Called up share capital

	<u>2004</u> \$'000	<u>2003</u> \$'000
Authorised 300,000 shares of \$1 par value	300	300
Issued and fully paid 100 shares of \$1 par value	-	-

9 Other reserves

	<u>Profit and Loss</u> \$'000	<u>Capital contribution</u> \$'000
At 1 January 2004	4,014	11,716
Retained profit for the year	155	-
At 31 December 2004	<u>4,169</u>	<u>11,716</u>

FIDELITY MANAGEMENT & RESEARCH (UK) INC

NOTES TO THE FINANCIAL STATEMENTS - Continued

10 Reconciliation on movements in shareholders' funds

	<u>2004</u> <u>\$'000</u>	<u>2003</u> <u>\$'000</u>
Opening equity shareholders' funds	15,730	15,418
Profit for the financial year	155	312
Closing equity shareholders' funds	<u>15,885</u>	<u>15,730</u>

11 Reconciliation of operating profit to net cash flow from operating activities

	<u>2004</u> <u>\$'000</u>	<u>2003</u> <u>\$'000</u>
Operating profit	242	471
Decrease in debtors	182	377
Other exchange loss	(119)	(141)
Net cashflow from operating activities	<u>305</u>	<u>707</u>

12 Capital and other commitments

As at 31 December 2004 and 31 December 2003 there were no capital commitments.