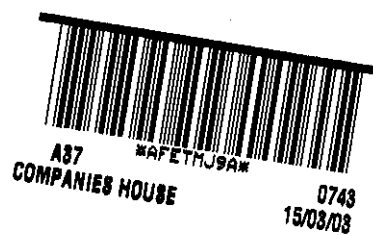


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**Fidelity Management & Research (UK) Inc**

**(Registered No: FC013670)**

**Annual Report  
for the year ended 31 December 2000**



**FIDELITY MANAGEMENT & RESEARCH (UK) INC**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000**

	<u>Notes</u>	<u>2000</u> \$'000	<u>1999</u> \$'000
Turnover		34,234	47,064
Administrative expenses		(35,930)	(47,383)
<b>Loss on ordinary activities before taxation</b>	2	(1,696)	(319)
Taxation on loss on ordinary activities	4	590	101
<b>Loss on ordinary activities after taxation</b>		(1,106)	(218)
<b>Loss for the financial year</b>		(1,106)	(218)

All operations are regarded as continuing.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2000**

	<u>Notes</u>	<u>2000</u> \$'000	<u>1999</u> \$'000
<b>Loss for the financial year</b>		(1,106)	(218)
Unrealised gains/(loss) on current asset investments		15	(517)
Tax on unrealised gains/(losses)		(5)	181
<b>Total recognised loss relating to the year</b>		(1,096)	(554)

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

**FIDELITY MANAGEMENT & RESEARCH (UK) INC**

**BALANCE SHEET AS AT 31 DECEMBER 2000**

	<u>Notes</u>	<u>2000</u> \$'000	<u>1999</u> \$'000
<b>Current assets</b>			
Investments	5	17,999	26,107
<b>Debtors:</b> amounts falling due within one year	6	1,017	1,367
		<b>19,016</b>	<b>27,474</b>
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	7	(5,860)	(13,222)
<b>Net current assets</b>		<b>13,156</b>	<b>14,252</b>
<b>Creditors:</b> amounts falling due after more than one year	8	(1,608)	(1,608)
<b>Net assets</b>		<b>11,548</b>	<b>12,644</b>
<b>Capital and Reserves</b>			
Called up share capital	9	-	-
Other reserves	10	11,716	11,716
Revaluation reserve	10	(136)	(146)
Profit and loss account	10	(32)	1,074
<b>Total shareholders' funds</b>	11	<b>11,548</b>	<b>12,644</b>

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 2000**

	<u>Notes</u>	<u>2000</u> \$'000	<u>2000</u> \$'000	<u>1999</u> \$'000	<u>1999</u> \$'000
<b>Net cash (outflow)/inflow from operating activities</b>	13		(7,853)		3,909
<b>Taxation</b>					
Corporation tax paid			(265)		(16)
			(8118)		3,893
<b>Management of liquid resources</b>					
Sale of current asset investments		9,125		-	
Purchase of current asset investments		(1,007)		(7,927)	
<b>Net cash inflow/(outflow) from management of liquid resources</b>			8,118		(7,927)
<b>Financing</b>					
Capital contributions		-		4,000	
<b>Net cash inflow from financing</b>			-		4,000
<b>Increase/(decrease) in cash</b>			-		(34)

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 fo 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.

The functional and reporting currency for Fidelity Management Research (UK) Inc is the US dollar.

##### **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 advise to the parent undertaking and an affiliate pursuant to a research joint venture agreement. Intercompany transactions are settled during the normal course of business.

##### **Turnover**

Turnover relates to fees earned from management and investment advisory services provided to mutual funds. These are recognised as earned and shared equally with the parent undertaking. Research joint venture fees are charged to the parent undertaking and an affiliate based 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 market value, and unrealised gains and losses included in the revaluation reserve net of applicable deferred taxation.

Investments whose valuation is not readily determinable are recorded at the lower of cost and market value.

##### **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**

The company has implemented the provisions of FRS19 "Deferred Tax" in relation to providing for deferred taxation on the full provision basis. There is no effect on reserves as result of this early implementation.

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.

# **FIDELITY MANAGEMENT & RESEARCH (UK) INC**

## **NOTES TO THE FINANCIAL STATEMENTS - Continued**

### **2 (Loss)/profit on ordinary activities before tax**

(Loss)/profit on ordinary activities before tax is stated after crediting income from listed investments of \$nil (1999: \$619,196).

Auditors' remuneration is dealt with 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>2000</u> \$'000	<u>1999</u> \$'000
Current taxation		
US Federal tax	<u>(595)</u>	<u>(115)</u>
	(595)	(115)
Deferred taxation		
Origination and reversal of timing differences	<u>5</u>	<u>14</u>
<b>Taxation on loss on ordinary activities</b>	<u><b>(590)</b></u>	<u><b>(101)</b></u>

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

	<u>2000</u> \$'000	<u>1999</u> \$'000
<b>Loss on ordinary activities before tax</b>	<u><b>(1,696)</b></u>	<u><b>(319)</b></u>
US Federal tax on profits at 35% (1999 : 35%)	(594)	(112)
Effects of:		
Other	<u>(1)</u>	<u>(3)</u>
	<u><b>(595)</b></u>	<u><b>(115)</b></u>

**FIDELITY MANAGEMENT & RESEARCH (UK) INC**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

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

	<u>2000</u> \$'000	<u>1999</u> \$'000
Balance at 1 January	50	217
Deferred tax charge/(credit) in the profit and loss account for the period	5	14
Deferred tax charges to the statement of total recognised gains and losses	-	(181)
Liability at 31 December	<u>55</u>	<u>50</u>

**5 Investments**

The cost of investments, which are carried at market value of \$17,998,597 (1999: \$26,107,376) was 18,208,319 (1999: \$26,331,806).

	<u>2000</u> \$'000	<u>1999</u> \$'000
Fixed income mutual funds	9,034	8,439
Money market funds	<u>8,965</u>	<u>17,668</u>
	<u>17,999</u>	<u>26,107</u>

**6 Debtors: amounts falling due within one year**

	<u>2000</u> \$'000	<u>1999</u> \$'000
Value Added Tax receivable	909	1,267
Foreign income taxes receivable	12	12
Prepayments	<u>96</u>	<u>88</u>
	<u>1,017</u>	<u>1,367</u>

**FIDELITY MANAGEMENT & RESEARCH (UK) INC**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**7 Creditors: amounts falling due within one year**

	<u>2000</u> \$'000	<u>1999</u> \$'000
Amount payable to parent company	5,805	11,628
Accruals	-	1,544
Deferred tax liability (note 4)	55	50
	<u>5,860</u>	<u>13,222</u>

**8 Creditors: amounts falling due after more than one year**

	<u>2000</u> \$'000	<u>1999</u> \$'000
Subordinated loan payable to parent undertaking (a)	1,608	1,608

(a) The company has a subordinated loan payable to its parent due on 19 March 2002. The loan is subordinated in all respects to the rights of senior creditors. Interest accrues at a variable rate based on average six month LIBOR (6.89% at 31 December 2000 and 5.3% at 31 December 1999). Repayment or modification of this loan is subject to regulatory approval.

**9 Called up share capital**

	<u>2000</u> \$'000	<u>1999</u> \$'000
Authorised 300,000 shares of \$1 par value	<u>300</u>	<u>300</u>
Issued and fully paid 100 shares of \$1 par value	<u>-</u>	<u>-</u>



**FIDELITY MANAGEMENT & RESEARCH (UK) INC**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**10 Other reserves**

	<u>Profit and Loss</u> \$'000	<u>Revaluation reserve</u> \$'000	<u>Capital contribution</u> \$'000
At 1 January 2000	1,074	(146)	11,716
Revaluation in year	-	10	-
Retained loss for the year	(1,106)	-	-
<b>At 31 December 2000</b>	<b>(32)</b>	<b>(136)</b>	<b>11,716</b>

**11 Reconciliation on movements in shareholders' funds**

	<u>2000</u> \$'000	<u>1999</u> \$'000
Opening shareholders' funds	12,644	9,198
Capital contribution	-	4,000
Revaluation in year	10	(336)
Loss for the financial year	(1,106)	(218)
<b>Closing shareholders' funds</b>	<b>11,548</b>	<b>12,644</b>

**12 Reconciliation of operating loss to net cash flow from operation activities**

	<u>2000</u> \$	<u>1999</u> \$
Operating loss	(1,696)	(319)
Decrease/(increase) in debtors	350	(153)
(Decrease)/increase in creditors	(7,362)	4,007
Other exchange gains	855	374
<b>Net cashflow from operating activities</b>	<b>(7,853)</b>	<b>3,909</b>

**13 Capital and other commitments**

As at 31 December 2000 there were no capital commitments.