

Financial Administration Services Limited

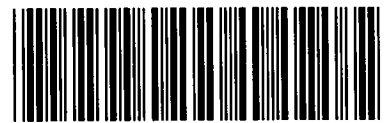
Company number: 1629709

Annual Report and Financial Statements

Year ended

30 June 2019

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Financial Administration Services Limited

Annual report and financial statements
for the year ended 30 June 2019

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Directors

P Horrell
A Lanser
D Rossi
S Welch

Secretary and registered office

FIL Administration Limited, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ

Company number

1629709

Independent Auditors

PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT

Financial Administration Services Limited

Strategic report for the year ended 30 June 2019

The directors present their strategic report for Financial Administration Services Limited ("the company") for the year ended 30 June 2019.

Principal activities

The principal activities of the company are the administration of tax wrapped and other investments for private investors and distribution of Fidelity International and third party funds through FundsNetwork™ and Fidelity Personal Investing.

The company is authorised and regulated by the Financial Conduct Authority ("FCA").

Business review and position

The results for the company are set out on page 9. The company's loss for the financial year is £19,503,000 (2018: £15,750,000).

The company continues to make considerable investment into its UK platform business and this has been a key contributor to the operating loss for the past year. This investment is expected to be a significant driver for future growth. It aims to deliver a much improved client experience and it will also drive significant efficiencies through the use of improved technology. This in turn is expected to help position the business well and ultimately grow market share and profitability.

The company's balance sheet is set out on page 10 and shows net assets at 30 June 2019 of £155,470,000 (2018: £133,973,000).

Development of the business

The company's activities are expected to continue during the coming year. Future levels of growth are dependent on market strength and investor confidence.

Key performance indicators ("KPIs")

The directors of the company are of the opinion that its KPIs are consistent with those of the group headed by FHL, of which the company is a member, and therefore separate disclosure is not necessary. Details of these KPIs may be found in the consolidated financial statements of FHL.

Capital Requirements Directive IV ('CRD IV') – Public disclosure of return on assets

In accordance with the FCA requirements of the Prudential Sourcebook for Investment Firms ('IFPRU') Chapter 9, which implements article 90 (Public disclosure of return on assets) of CRD IV, the company is required to publish in its annual report and financial statements among the key indicators its return on assets. The return on assets for the year is calculated as the net profit/loss (determined as being the profit/loss for the financial year) divided by the total balance sheet (determined as being the sum of average fixed and current assets). The company's return on assets for the year ended 30 June 2019 was negative 10.4% (2018: negative 10.2%).

Financial Administration Services Limited

Strategic report
for the year ended 30 June 2019 (*continued*)

European Union Capital Requirement Directive – Pillar 3 and Country-by-Country Reporting Disclosures by Institutions

In accordance with Part Eight, 'Disclosure by Institutions', of the Capital Requirements Regulation ('CRR'), the company is required to publish further information to allow external parties to assess the capital adequacy of the organisation, referred to as Pillar 3 disclosures.

In accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, the company is also required to publish certain information on a consolidated basis for each country where it has a subsidiary or branch.

The Pillar 3 and Country-by-Country Reporting Disclosures reports are provided on the basis of the consolidated situation of the EU parent company, which is FHL, and are available on the Fidelity International website www.fidelity.co.uk.

Risk management

The company is exposed to three broad types of risk: operational, strategic and financial. Risk assessments are used to identify the risks, controls and mitigation action.

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people or systems, or from external events. It is the largest risk to which the FHL group is exposed.

Operational risk may arise from failures in the management of operations, processes or systems. This can result in errors, the inability to deliver change adequately, unavailability of systems or the loss of data. It can also arise from a failure to identify and manage changes in law or regulations or to take appropriate measures to protect client assets. The FHL group is also exposed to external threats posing information security risks, financial crime risks and supplier and vendor risks. These risks can have an impact on FHL's clients, its reputation and its balance sheet.

The FHL group is actively managing all of these risks and employs a number of methods for mitigating operational risk, principally the implementation of systems and controls. Where services are provided by third parties, the FHL group performs due diligence processes and monitors and manages supplier performance.

Strategic risk

Strategic risk is the risk associated with an inappropriate or non-performing strategy. This risk type includes risks arising from external market dynamics, strategic error or non-delivery and poor business or investment performance. Strategic risks are actively managed by senior management, designated business committees and the Board.

Financial risk

Financial risk may arise in the course of business and includes liquidity risk, market risk and credit risk. The company does not undertake principal trading, except on a de minimis basis to facilitate customers' orders, nor does it actively take on credit, market or liquidity risks, other than incidentally to its operational activity.

Accordingly credit, market, liquidity and other risks are relatively small in comparison to the operational risk exposures.

Liquidity risk

Liquidity risk is the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. The FHL group carries out day-to-day monitoring, management and reporting of the FHL group liquidity, ensuring that it complies at all times with limits set by the FHL group and regulatory obligations.

Financial Administration Services Limited

Strategic report
for the year ended 30 June 2019 (*continued*)

Risk management (*continued*)

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values of financial instruments from fluctuations in foreign currency exchange rates, interest rates, and equity prices. Interest rate risk applies to cash and deposits with the company's banks, which are subject to daily interest rate variances, and investments in liquidity funds. Foreign exchange rate risk exists on revenues derived from foreign denominated assets. In addition, limited market risk positions are taken in relation to positions in Fidelity International and third party funds. These positions are only taken to enable the efficient operation of day to day fund dealing activities and they are actively monitored within defined limits.

The company is also exposed to market risk indirectly, since components of revenue are driven by asset values of funds under administration and hence the prices of securities. This risk is managed through regular monitoring of the assets under administration by active cost control.

Credit risk

Credit risk is the risk of a counterparty failing to meet its financial obligations to the company when due. The FHL group makes use of credit ratings from major credit rating agencies, has access to the research of brokerage firms and has implemented policies that require credit checks on potential counterparties, where appropriate.

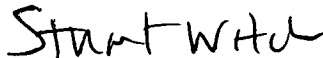
Financial instruments exposure may only be to counterparties under guidelines approved by FIL Limited ("FIL") policies. Surplus cash is carefully considered for placement with liquidity funds (all AAAM and/or Aaa-mf) to improve credit risk exposure and reduce direct exposures to banks. Cash balances are held only with banks and liquidity funds with whom the FIL Group has strong, well-established relationships. Counterparty limits are used to manage the counterparty exposure.

Prudential risk

As part of the ICAAP, the FHL group undertakes capital adequacy assessments to ensure that it maintains adequate financial resources at all times. These assessments include risk-based stress testing to model the impact of extreme scenarios on both the FHL group's and the company's own funds. Both the FHL group and the company maintain capital in line with regulatory requirements and the Boards' risk appetite.

Approval

This strategic report was approved on behalf of the Board on 27 September 2019.



S Welch
Director

Financial Administration Services Limited

Directors' report for the year ended 30 June 2019

The directors present their report together with the audited financial statements for the year ended 30 June 2019.

Directors

The directors of the company during the year and up to the date of signing the financial statements are listed below:

K Bonin	(resigned 1 October 2018)
P Horrell	
K Isherwood	(resigned 1 March 2019)
A Lanser	
D Rossi	(appointed 1 March 2019)
P Shea	(resigned 31 December 2018)
S Welch	

Dividends

No interim dividend was paid in the year (2018: £nil). No final dividend is proposed (2018: £nil).

Future developments

Information on future developments in the business of the company has been included in the strategic report on page 1.

Financial risk management

Information on the financial risk management of the company has been included in the strategic report on pages 2 and 3.

Overseas branches

During the year the company established a branch within Ireland.

Qualifying third party pension scheme indemnity provision

The directors of the company have the benefit of indemnities in relation to the company or an associated company which are qualifying third party indemnity provisions and qualifying pension scheme indemnity provisions, as defined by Sections 234 and 235 of the Companies Act 2006. In addition, during the year and at the date of approving this directors' report, the company has maintained liability insurance for directors.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), and applicable law).

Financial Administration Services Limited

Directors' report
for the year ended 30 June 2019 (*continued*)

Statement of directors' responsibilities (*continued*)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Disclosure of information to auditors

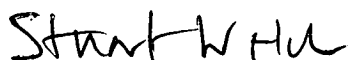
So far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The directors appointed PricewaterhouseCoopers LLP as auditors to the company on 6 March 2003. The company has passed elective resolutions to dispense with the appointment of auditors annually and the holding of an annual general meeting. Auditor independence and reappointment is considered by the FHL Audit and Risk committee on an annual basis.

Approval

This directors' report was approved on behalf of the Board on 27 September 2019.



S Welch
Director

Financial Administration Services Limited

Independent auditors' report to the members of Financial Administration Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Financial Administration Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2019; the Profit and loss account, and the 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) and applicable law. Our responsibilities under International Standards on Auditing (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 company 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

International Standards on Auditing (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 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 company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

Financial Administration Services Limited

Independent auditors' report to the member of Financial Administration Services Limited (*continued*)

Reporting on other information (*continued*)

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, International Standards on Auditing (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 30 June 2019 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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 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 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 International Standards on Auditing (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.

Financial Administration Services Limited

Independent auditors' report to the member of Financial Administration Services Limited (*continued*)

Responsibilities for the financial statements and the audit (*continued*)

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.

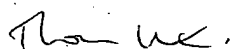
Other required reporting

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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 September 2019

Financial Administration Services Limited

Profit and loss account for the year ended 30 June 2019

	Note	2019 £000	2018 £000
Turnover	2	133,211	139,022
Cost of sales		<u>(5,588)</u>	<u>(5,551)</u>
Gross profit		127,623	133,471
Administrative expenses		<u>(152,762)</u>	<u>(154,169)</u>
Operating loss	3	(25,139)	(20,698)
Interest receivable and similar income	5	828	402
Interest payable and similar charges	6	<u>(515)</u>	<u>(156)</u>
Loss on ordinary activities before tax		(24,826)	(20,452)
Tax on loss on ordinary activities	7	<u>5,323</u>	<u>4,702</u>
Loss for the financial year		<u>(19,503)</u>	<u>(15,750)</u>
Total comprehensive expense for the year		<u>(19,503)</u>	<u>(15,750)</u>

All operations are continuing.

The notes on pages 12 to 19 form an integral part of these financial statements.

Financial Administration Services Limited

Balance sheet at 30 June 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Investments	8		-		-
Current assets					
Stocks	9	966		928	
Debtors: amounts falling due within one year	10	41,642		40,356	
Investments	11	141,644		105,358	
Cash at bank and in hand		26,664		18,917	
			210,916		165,559
Creditors: amounts falling due within one year	12		(47,446)		(23,586)
Net current assets			163,470		141,973
Total assets less current liabilities			163,470		141,973
Creditors: amounts falling due after more than one year	13		(8,000)		(8,000)
Net assets			155,470		133,973
Capital and reserves					
Called up share capital	14		-		-
Capital contribution	15		192,500		151,500
Profit and loss account	15		(37,030)		(17,527)
Total equity			155,470		133,973

The notes on pages 12 to 19 form an integral part of these financial statements.

The financial statements on pages 9 to 19 were approved by the Board of Directors on 27 September 2019 and signed on its behalf by:



S Welch
Director

Company registration number: 1629709

Financial Administration Services Limited

Statement of change in equity for the year ended 30 June 2019

	Called up share capital £'000	Capital contribution £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2017	-	96,500	(1,777)	94,723
Loss for the year	-	-	(15,750)	(15,750)
Total comprehensive expense for the year	-	-	(15,750)	(15,750)
Capital contribution in the year	-	55,000	-	55,000
At 30 June 2018	-	151,500	(17,527)	133,973
Loss for the year	-	-	(19,503)	(19,503)
Total comprehensive expense for the year	-	-	(19,503)	(19,503)
Capital contribution in the year	-	41,000	-	41,000
At 30 June 2019	-	192,500	(37,030)	155,470

The notes on pages 12 to 19 form an integral part of these financial statements.

Financial Administration Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2019

1 Accounting policies

General information

Financial Administration Services Limited is a private company limited by shares and incorporated in England. The registered office is Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ.

Statement of compliance

The financial statements of Financial Administration Services Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards on the historical cost basis, except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires company management to make judgements, estimates and assumptions in applying the company's accounting policies. Estimates and judgements 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. There are no areas involving a high degree of judgement or complexity, or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Turnover

Revenues earned from platform service fees, brokerage fees and other distribution fees are accounted for on the accruals basis and are recognised as earned. Revenues received in advance for services to be provided in the future are deferred and recognised over the service period.

Accounts receivable from revenues include both earned and unbilled items as well as billed items pending collection. Accounts receivable are reported at book value less allowance for doubtful accounts.

Financial Administration Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2019 (*continued*)

1 Accounting policies (*continued*)

Fixed asset investments

a) *Investments in subsidiaries*

Investments in subsidiaries are measured at cost less any accumulated impairment.

b) *Equity investments*

Equity investments comprise unquoted equity instruments, which have been classified as fixed asset investments as the company intends to hold them on a continuing basis. Equity investments are measured at fair value with changes in fair value recognised in profit or loss, except where equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment until a reliable measure of fair value becomes available. Where a reliable measure of fair value is no longer available at each balance sheet date for an unquoted equity instrument, its fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

Stocks

Stocks consist of investments held for platform operational purposes, comprising holdings in Fidelity International and third party provider funds. These are recognised at fair value with changes in fair value recognised in profit or loss.

Current asset investments

Current asset investments comprise investments in mutual and collective funds and money market deposits and are measured at fair value with changes in fair value recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

Debtors

Short-term debtors, with no stated interest rate and receivable within one year, are measured at transaction price less any impairment. Any losses arising from impairment are recognised in the profit and loss account. All debt instruments which are basic financial instruments are measured at amortised cost using the effective interest method, less any impairment.

Creditors

Short-term creditors, with no stated interest rate and payable within one year, are measured at transaction price. Other financial liabilities are measured at amortised cost.

Dividends

Dividends are recognised in the period in which they are appropriately authorised and declared.

Foreign currency translation

Monetary assets and liabilities of the company expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling on the date of the transaction. Translation differences are recognised in profit or loss.

Financial Administration Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2019 (*continued*)

1 Accounting policies (*continued*)

Foreign currency translation (continued)

Profits and losses of foreign branches are translated into sterling at the average rates of exchange during the year. Exchange differences arising when the profit and loss accounts are compared with rates ruling at the year-end are recognised in other comprehensive income.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

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

Pension costs

Another group company, FIL Investment Management Limited ("FILM"), operates a self-administered defined contribution scheme in which eligible employees of the group headed by FHL and directors of the company participate. The company is allocated an amount of FILM's expense through an expense allocation. A full description of the plan is included in the FILM financial statements.

2 Turnover

	2019 £'000	2018 £'000
Service and platform fees	130,791	127,048
Other distribution revenue	156	993
Other income	2,264	10,981
	<u>133,211</u>	<u>139,022</u>

Financial Administration Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2019 (*continued*)

3 Operating loss

	2019 £'000	2018 £'000
This is arrived at after charging:		
Intra-group expense allocation	<u>133,040</u>	<u>147,564</u>

The company does not have any employees (2018: none). FIML employs all staff. A number of operating expenses, including staff costs, have been initially paid by FIML and allocated to the company.

Fees paid to the company's auditors, PricewaterhouseCoopers LLP for services other than the statutory audit of the company are not disclosed in the company's financial statements since they are disclosed in the consolidated financial statements of FHL, which is required to disclose non-audit fees on a consolidated basis. Auditors' remuneration for audit and non-audit services has been borne by FIML.

The audit fees for the company are £52,000 (2018: £52,000).

4 Directors' remuneration

	2019 £'000	2018 £'000
Directors' emoluments	575	825
Company contributions to defined contribution schemes	5	10
Compensation for loss of office	70	33
	<u>650</u>	<u>868</u>

During the year, retirement benefits were accruing to 3 directors (2018: 4) under a defined contribution scheme.

Emoluments of the highest paid director were £228,000 (2018: £286,000). Company pension contributions of £nil (2018: £nil) were made to a defined contribution scheme on their behalf.

5 Interest receivable and similar income

	2019 £'000	2018 £'000
Bank interest receivable	-	119
Income from current asset investments	828	283
	<u>828</u>	<u>402</u>

6 Interest payable and similar charges

	2019 £'000	2018 £'000
Bank loans and overdrafts	<u>515</u>	<u>156</u>

Financial Administration Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2019 (*continued*)

7 Tax

	2019 £'000	2018 £'000
<i>Current tax</i>		
Adjustment in respect of prior year tax	-	(356)
Amount receivable from FIL group companies in respect of group relief	(5,330)	(4,671)
Foreign taxes	7	-
Adjustment to group relief in respect of previous periods	-	325
	<u>(5,323)</u>	<u>(4,702)</u>
Tax on loss on ordinary activities	<u>(5,323)</u>	<u>(4,702)</u>

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	<u>(24,826)</u>	<u>(20,452)</u>
Loss on ordinary activities at the standard rate of UK corporation tax of 19% (2018: 19%)	(4,717)	(3,886)
Effects of:		
Compensating adjustments	(603)	(785)
Adjustments to group relief in respect of previous periods	-	325
Tax rate differences in respect of overseas branches	(3)	-
Adjustment in respect of prior year tax	-	(356)
Total tax credit for year	<u>(5,323)</u>	<u>(4,702)</u>

In 2019 the company surrendered tax losses of £28,052,000 (2018: £24,582,000) for consideration of £5,330,000 (2018: £4,671,000).

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction from 19% to 17% was enacted in September 2016 and will take effect from 1 April 2020.

8 Fixed asset investments

	£
<i>Cost or valuation and net book value</i>	
At 1 July 2018 and 30 June 2019	<u>106</u>

Financial Administration Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2019 (*continued*)

8 Fixed asset investments (*continued*)

The company's fixed asset investments, none of which are listed investments, are made up as follows:

Name of investment	Country of incorporation	Proportion of nominal value of ordinary shares and voting rights*	Principal activity	£
FIL Nominee (Shareholdings) Limited	England	100%	Dormant	100
FASL Pension Nominees Limited	England	100%	Dormant	2
FPM Nominees Limited	England	0.2%	Dormant	1
FIL (UK) Limited	England	0.1%	Dormant	1
FIL Investment Services (UK) Limited	England	0.001%	Fund Manager	1
FIL Pensions Management	England	0.000%	Pension Fund Manager	1
* All ordinary shares				106

The company is a wholly-owned subsidiary within the FHL group and is included in the consolidated financial statements of FHL which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The registered office address of FIL Nominee (Shareholdings) Limited, FIL Investment Services (UK) Limited and FIL Pensions Management is Oakhill House, 130 Tonbridge Road, Hildenborough, Kent, TN11 9DZ.

The registered office address of FASL Pension Nominees Limited, FPM Nominees Limited and FIL (UK) Limited is 4 Cannon Street, London, EC4M 5AB.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

9 Stocks

	2019 £'000	2018 £'000
Stocks of fund holdings	966	928

10 Debtors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade debtors - customers and funds	26,998	20,849
Amounts owed by group undertakings	5,848	10,782
Other debtors	8,796	8,725
	41,642	40,356

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Financial Administration Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2019 (*continued*)

11 Current asset investments	2019	2018
	£'000	£'000
Mutual and collective fund investments	<u>141,644</u>	<u>105,358</u>

12 Creditors: amounts falling due within one year	2019	2018
	£'000	£'000
Trade creditors - customers and funds	16,736	12,213
Amounts owed to group undertakings	25,828	5,532
Accruals and deferred income	4,875	5,841
Corporation tax	7	-
	<u>47,446</u>	<u>23,586</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors: amounts falling due after more than one year	2019	2018
	£'000	£'000
Subordinated loan from FHL	<u>8,000</u>	<u>8,000</u>

The subordinated loan is interest free and is repayable at least five years from the date of demand, upon the expiry of three months' written notice together with written consent from the FCA.

14 Called up share capital	2019	2018
	£	£
<i>Allotted, called up and fully paid</i> 100 (2018: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

15 Reserves

Capital contribution

Capital contribution records the amount of equity capital contributed to the company by its parent undertaking which has not been made in exchange for shares issued.

Profit and loss account

This reserve includes all current and prior year retained profits and losses.

16 Contingent liabilities and guarantees

The company, along with certain other FHL group companies, has entered into an arrangement whereby the balance on its bank account is subject to a legal set off agreement, and the company is jointly and severally liable for any liabilities which may arise under this agreement. The bank facility is secured by way of a cross guarantee between the companies in the netting agreement.

Financial Administration Services Limited

Notes forming part of the financial statements
for the year ended 30 June 2019 (*continued*)

16 Contingent liabilities and guarantees (*continued*)

As at 30 June 2019 the net bank balance on FHL group accounts held within the arrangement was a net overdraft balance of £12,528,000 (2018: £8,454,000). The overdraft interest rate as at 30 June 2019 was the Bank of England base rate plus 1.35%.

17 Financial instruments

The company's financial instruments may be analysed as follows:

	2019 £'000	2018 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	142,610	106,286
Financial assets that are debt instruments measured at amortised cost	41,642	40,356
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at amortised cost	50,564	25,745
	<u> </u>	<u> </u>

Financial assets measured at fair value through profit or loss comprises stocks and current asset investments.

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and subordinated loan.

18 Statement of cash flows and related party transactions

The company has taken advantage of the exemption permitted by section 1.12 of FRS 102 from preparing a statement of cash flows. The company is a subsidiary of FIL Holdings (UK) Limited and is included in its consolidated financial statements which are publicly available.

The company has also taken advantage of the exemption permitted by section 33.1A of FRS 102 not to disclose related party transactions with entities that are wholly owned subsidiaries of the FIL Limited group.

19 Ultimate parent undertaking and controlling party

The immediate parent undertaking is FIL Holdings (UK) Limited, a company registered in England and Wales. This is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 June 2019. The consolidated financial statements of FIL Holdings (UK) Limited may be obtained from The Company Secretary, FIL Administration Limited, 4 Cannon Street, London, United Kingdom, EC4M 5AB.

The ultimate parent undertaking and controlling party is FIL Limited, a company incorporated in Bermuda. FIL Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements.